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**SOAH DOCKET NO. 473-21-2527
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**INDEX TO THE REBUTTAL TESTIMONY
OF GARRY D. JONES, WITNESS FOR
ONCOR ELECTRIC DELIVERY COMPANY LLC**

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EXHIBITS:

EXHIBIT GDJ-R-1 Oncor's EEIP Presentation on March 11, 2021

EXHIBIT GDJ-R-2 Oncor's Response to Cities RFI Set No. 1 Question No. 1-04

EXHIBIT GDJ-R-3 Oncor's Response to Cities RFI Set No. 1 Question No. 1-01

EXHIBIT GDJ-R-4 Oncor's Response to Cities RFI Set No. 1 Question No. 1-06

**REBUTTAL TESTIMONY OF
GARRY D. JONES**

I. BACKGROUND AND PURPOSE

Q. PLEASE STATE YOUR NAME, BUSINESS ADDRESS, AND CURRENT EMPLOYMENT POSITION.

A. My name is Garry D. Jones. My business address is 1616 Woodall Rodgers Freeway, Dallas, Texas 75202-1234. I am the Director of Energy Efficiency for Oncor Electric Delivery Company LLC ("Oncor" or the "Company"). I am responsible for the implementation and regulatory compliance of Oncor's energy efficiency programs pursuant to §39.905 of the Public Utility Regulatory Act ("PURA") and Public Utility Commission of Texas ("Commission") substantive rule 16 Tex. Admin. Code ("TAC") § 25.181, § 25.182 and § 25.183.

Q. ARE YOU THE SAME GARRY D. JONES WHO PREVIOUSLY SUBMITTED DIRECT TESTIMONY IN THIS DOCKET ON BEHALF OF ONCOR?

A. Yes.

Q. WHAT IS THE PURPOSE OF YOUR REBUTTAL TESTIMONY?

A. The purpose of my rebuttal testimony is to rebut portions of the direct testimony and recommendations made by Mr. Karl J. Nalepa, the witness for the Steering Committee of Cities served by Oncor ("Cities"). Mr. Nalepa argues that Oncor allegedly provided insufficient descriptions of the Strategic Energy Management Market Transformation Program (SEM) and Commercial Midstream Market Transformation Program (CM) in this Docket, and therefore the requested program budgets should be adjusted to those approved in Docket No. 50886, Oncor's 2021 EECRF.

Additionally, Mr. Nalepa recommends that the Energy Efficiency Technology Incubator (Incubator) should be removed from the 2022

1 Research and Development (R&D) because, in his opinion, the expenses
2 are not known with reasonable certainty.

3 Mr. Nalepa's proposed recommendations would reduce Oncor's
4 2022 portfolio budget by \$1,026,313. Decreased program budgets will
5 reduce the number of customers we serve through the SEM and CM
6 programs, and prevent us from pursuing additional energy efficiency
7 savings. Delaying the Incubator will hinder Oncor's ability to sustain the
8 portfolio over the long term, and achieve statutory goals in the future.

9 My rebuttal testimony shows, as does my previously filed direct
10 testimony, that Oncor's energy efficiency programs and their estimated
11 expenses are reasonable and necessary, and meet the requirements of 16
12 TAC § 25.181 and § 25.182.

13 Q. HAVE YOU READ THE DIRECT TESTIMONY OF CITIES' WITNESS MR.
14 KARL J. NALEPA?

15 A. Yes.

16
17 **II. ENERGY EFFICIENCY IMPLEMENTATION PROJECT (EEIP) AND**
18 **ENERGY EFFICIENCY COST RECOVERY FACTOR (EECRF)**
19 **PROCEEDINGS**

20
21 Q. DOES 16 TAC § 25.181 PROVIDE STAKEHOLDERS THE ABILITY TO
22 ADDRESS CONCERNS OR OPPORTUNITIES REGARDING UTILITY
23 ENERGY EFFICIENCY PROGRAMS?

24 A. Yes. 16 TAC § 25.181(q) outlines the EEIP as the mechanism to allow
25 public input on utility energy efficiency programs. Specifically the section
26 states:

27 "The commission shall use the EEIP to develop best practices in standard
28 offer market transformation, self-directed, pilot, or other programs,
29 modifications to programs, standardized forms and procedures, protocols,
30 deemed savings estimates, program templates, and the overall direction of
31 the energy efficiency program established by this section. Utilities shall

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1 provide timely responses to questions posed by other participants relevant
2 to the tasks of the EEIP. Any recommendations from the EEIP process shall
3 relate to future years as described in this subsection.”¹

4 Q. DID ONCOR PRESENT ITS ENERGY EFFICIENCY PORTFOLIO AND
5 BUDGET AT AN EEIP MEETING IN 2021?

6 A. Yes. I presented the 2021 budget and the potential programs for 2022 and
7 2023 at a virtual EEIP meeting held on March 11, 2021. See Exhibit GDJ-
8 R-1 for Oncor’s presentation. The meeting was hosted by Commission
9 Staff, and TetraTech (Commission evaluator) and was attended by Texas
10 utilities and stakeholders.

11 Q. WERE THE SEM AND CM PROGRAMS PRESENTED AT THE EEIP
12 MEETING?

13 A. Yes. At the time, the Oncor presentation listed the SEM as the Energy
14 Concierge Program MTP (Pilot). While presenting the programs to the
15 attendees, I discussed the program goals and design of SEM. Additionally,
16 I discussed the CM and that the program was a continuation and renaming
17 of the 2021 Commercial HVAC Distributor MTP (Pilot). At the end of the
18 utility presentations, stakeholders were given the opportunity to ask
19 questions and discuss concerns. (See, Exhibit GDJ-R-1.)

20 Q. WERE ANY CONCERNS EXPRESSED ABOUT ONCOR’S ENERGY
21 EFFICIENCY PROGRAMS DURING OR AFTER THE EEIP MEETING?

22 A. None that I am aware.

23 Q. ARE THERE REGULATORY LIMITATIONS TO THE EECRF
24 PROCEEDING?

25 A. Yes. 16 TAC § 25.182(d)(12) defines the scope of the EECRF proceeding
26 as follows:
27 “The scope of an EECRF proceeding includes the extent to which the costs
28 recovered through the EECRF complied with PURA § 39.905, this section,
29 and § 25.181 of this title; the extent to which the costs recovered were

¹ 16 TAC § 25.181(q).

1 reasonable and necessary to reduce demand and energy growth; and **a**
2 **determination of whether the costs to be recovered through an EECRF**
3 **are reasonable estimates of the costs necessary to provide energy**
4 **efficiency programs and to meet or exceed the utility's energy**
5 **efficiency goals.** The proceeding shall not include a review of program
6 design to the extent that the programs complied with the energy efficiency
7 implementation project (EEIP) process defined in §25.181(q) of this title.”²
8 (Emphasis added.)

9 In addition, 16 TAC §25.181(m) provides an opportunity for an
10 interested entity to request that the Commission initiate a proceeding to
11 review a utility’s energy efficiency programs. Cities’ concerns regarding
12 Oncor’s energy efficiency portfolio is best addressed through requesting an
13 initiation of a proceeding via 16 TAC §25.181(m) rather than through an
14 EECRF proceeding. Specifically, the section states:

15 “Commission staff may initiate a proceeding to review a utility’s energy
16 efficiency programs. In addition, an interested entity may request that the
17 commission initiate a proceeding to review a utility’s energy efficiency
18 programs.”³

19 Q. DOES MR. NALEPA’S DIRECT TESTIMONY QUESTION THE
20 REASONABLENESS OR NECESSITY OF THE ESTIMATED BUDGETS
21 FOR SEM AND CM?

22 A. No, it does not. Mr. Nalepa’s reasoning for changing the proposed program
23 budgets is that they were allegedly not described in the Energy Efficiency
24 Plan and Report (“EEPR”) and that Oncor allegedly provided no justification
25 for the 2022 program budgets. His recommendation is to arbitrarily change
26 program budgets back to 2021 levels.⁴ Mr. Nalepa’s proposed budget for
27 CM would actually increase Oncor’s requested 2022 program budget by

² 16 TAC § 25.182(d)(12).

³ 16 TAC § 25.181(m).

⁴ Direct Testimony of Karl J. Nalepa, page 7, lines 14 to 19 and page 10, lines 11 to 25.

1 \$40,840 (2021 Commercial HVAC Distributor MTP \$1,496,820 – 2022
2 Commercial Midstream MTP \$1,455,980 = \$40,840)⁵. I see no justification
3 for increasing the program budget above the amount Oncor requested in
4 the application.

5 Mr. Nalepa recommends reducing the SEM budget by \$969,153
6 (\$2,133,953 (2022 SEM Budget) - \$1,164,800 (2021 Retrocommissioning
7 Budget) = \$969,153). The SEM is a program that builds relationships with
8 the customer and identifies energy efficiency opportunities, and
9 retrocommissioning is a component of the program. The increase in budget
10 is reasonable and necessary as SEM expands to include new measures as
11 well as a new approach to the market. Mr. Nalepa acknowledges in his
12 testimony that "...it might make sense that adding additional measures
13 under the proposed SEM program may increase the budget..."⁶, therefore
14 recognizing that an expansion of the program where retrocommissioning is
15 a component supports the need for an increase in budget.

16 Q. ARE ONCOR'S 2022 ESTIMATED PROGRAM AND R&D COSTS
17 REASONABLE AND NECESSARY FOR ONCOR TO MEET OR EXCEED
18 REGULATORY GOALS?

19 A. Yes. Oncor goes through an extensive planning process prior to submitting
20 the EEPR. This process includes a historical review of program and R&D
21 costs, discussions with market transformation programs ("MTP")
22 implementation contractors to understand their plans for the upcoming year,
23 discussions with EEIP participants including the Commission evaluator, and
24 a challenge review meeting with Oncor management. Program and R&D
25 costs are our best and reasonable estimate of the upcoming program year
26 expenses at the time of filing.

27 Q. DOES 16 TAC § 25.182 PROVIDE CONSUMER PROTECTION IN THE
28 EVENT THAT ONCOR OVER COLLECTS EECRF FUNDS?

⁵ Direct Testimony of Garry D. Jones, Exhibit GDJ-1, pages 20-21, Table 6.

⁶ Direct Testimony of Karl J. Nalepa, page 9, lines 15 to 16.

1 A. Yes, it does. 16 TAC § 25.182(d)(2) requires over-collected EECRF funds
2 to be returned to the applicable customer rate class along with two years'
3 interest:

4 "For each rate class, the under- or over-recovery of the energy efficiency
5 costs shall be the difference between actual EECRF revenues and actual
6 costs for that class that comply with paragraph (12) of this subsection,
7 including interest applied on such over- or under-recovery calculated by rate
8 class and compounded on an annual basis for a two-year period using the
9 annual interest rates authorized by the commission for over- and under-
10 billing for the year in which the over- or under-recovery occurred and the
11 immediately subsequent year." ⁷

12 If either the SEM or CM did not expend its full budget, any excess
13 funds would be totaled with other programs in the commercial portfolio, and
14 subsequently for the entire energy efficiency portfolio. Any final net over-
15 recovery would be distributed to the appropriate rate classes with interest.

16 Q. AS ADDITIONAL PROTECTION FOR CONSUMERS, DO ONCOR'S
17 ENERGY EFFICIENCY PROGRAMS GO THROUGH AN INDEPENDENT
18 EVALUATION BY THE COMMISSION EVALUATOR WHO PROVIDES
19 RECOMMENDATIONS ON ONCOR'S REPORTED DEMAND AND
20 ENERGY SAVINGS?

21 A. Yes. As required by 16 TAC §25.181(o)(3), the Commission selects an
22 entity to be its EM&V (evaluation, measurement, and verification) evaluator
23 and conduct evaluation activities, where the EM&V Commission evaluator
24 "shall offer independent analysis to the commission in order to assist in
25 making decisions in the public interest."⁸

26 16 TAC §25.181(o) provides the framework for EM&V where one of
27 the objectives includes documenting the impacts of the utilities' individual
28 energy efficiency and load management portfolios, comparing their

⁷ 16 TAC § 25.182(d)(2).

⁸ 16 TAC § 25.181 (o)(3).

1 performance with established goals and determining cost-effectiveness.⁹
2 On an annual basis the EM&V Commission evaluator provides
3 recommendations on adjustments to energy and demand savings as well
4 as processes to ensure that the programs follow the requirements of the
5 Technical Reference Manual and remain cost-effective.

6 As it relates to this case, the results from the EM&V Commission
7 evaluator on Oncor's 2020 program performance yielded a 100% realization
8 rate for kW and kWh for both the residential and commercial sector. Oncor
9 elected to not include the net positive savings in its reported demand and
10 energy savings as it would increase the performance bonus by
11 approximately \$1,450.¹⁰ This ongoing annual evaluation by the
12 Commission evaluator provides assurance that programs are achieving
13 reported savings and provides additional protection for the consumers.

14 Oncor continues to work with the Commission evaluator and ensures
15 that the evaluator's recommendations and adjustments to Oncor's energy
16 efficiency programs are adhered to.

18 **III. ONCOR PROGRAMS**

19
20 Q. ARE THE SEM AND CM NEW PROGRAMS?

21 A. As discussed in Oncor's response to Cities Request for Information (RFI) 1-
22 04 attached to this testimony as Exhibit GDJ-R-2, the SEM is a significant
23 expansion of the 2020 Retro-commissioning MTP. Additionally, we are
24 changing implementation contractor for this program. Based on these
25 factors, I would classify it as a new program, which will be fully implemented
26 in 2022.

⁹ 16 TAC § 25.181(o)(1)(A).

¹⁰ Exhibit GDJ-R-3.

1 The CM is a continuation of the Commercial HVAC Distributor MTP,
2 and not a new program. Oncor also provided a description of CM in
3 response to Cities RFI 1-04 as follows:

4 “Commercial Midstream MTP offers utility incentives at the manufacturer
5 and distributor level, versus at the installer level. Oncor incentives are used
6 to buy down high efficiency HVAC equipment wholesale costs to the
7 installer. This reduces the cost of the equipment through the entire supply
8 chain.

9 In 2020/2021, the Commercial HVAC Distributor MTP (Pilot) focused
10 solely on HVAC measures. In 2022, Oncor plans on offering additional
11 measures using the midstream model and the program name change
12 reflects the addition of these measures into the program.”¹¹

13 Oncor does not typically create a new program when measures are
14 added to an existing program, and the CM is simply a name change to better
15 express the overall design of the program. Mr. Nalepa did not include in his
16 summary of Oncor’s response to Cities RFI 1-04¹² that “Oncor plans on
17 offering additional measures using the midstream model and the **program**
18 **name change** reflects the addition of these measures into the program.”¹³
19 (Emphasis added.) This is an important distinction as Oncor is continuing
20 with the current implementation contractor, and the program design is not
21 changing.

22 Q. DO YOU AGREE WITH MR. NALEPA’S STATEMENT ON PAGE 8, LINES
23 12-13, THAT ONCOR DID NOT PROVIDE ANY SUPPORT OR
24 DESCRIPTION OF THE SEM OR CM PROGRAMS IN THE EECRF
25 APPLICATION?

26 A. No, I do not. Oncor provides descriptions of new programs in the year they
27 are introduced for implementation. For example, in the current EECRF

¹¹ Exhibit GDJ-R-2.

¹² Karl J. Nalepa’s Direct Testimony, page 8, line 25 through page 9 line 2.

¹³ Exhibit GDJ-R-2.

1 application, Oncor provides a description of Residential New Homes
2 Construction MTP.¹⁴ This program is scheduled to launch later this year.

3 The SEM program description will be included in Oncor's EECRF
4 filing next year as it goes into full implementation in 2022. This is consistent
5 with Oncor's practice of including the program description in the EEPR
6 during the year that it will be fully implemented.

7 The CM program is not new. In Docket No. 50886, Oncor's 2021
8 EECRF application included a description of the Commercial HVAC
9 Distributor MTP (Pilot).¹⁵ The current EECRF application changes the
10 name of the program to the Commercial Midstream (MTP). The program
11 goals, design, and implementer did not change. It is a continuation of the
12 existing program.

13 Mr. Nalepa's testimony quotes 16 TAC § 25.181(l)(2) regarding items
14 to be included in the EEPR.¹⁶ Oncor's reporting in the EEPR includes the
15 applicable items listed in 16 TAC § 25.181(l)(2), and Oncor's reporting
16 method has not been questioned by the Commission or other stakeholders
17 in previous EECRF filings.

18 To ensure greater transparency into our programs and program
19 plans, Oncor will add a new section to the EEPR beginning in 2022. The
20 new section will provide descriptions and high level overviews of any
21 potential programs that may be added to the portfolio for the following year.

22 Q. DO YOU AGREE WITH MR. NALEPA'S ASSESSMENT ON PAGE 9,
23 LINES 9 – 12, THAT ONCOR HAS NOT PROVIDED ANY INSIGHT TO
24 SUPPORT THE REASONS FOR THE INCREASE IN THE BUDGET
25 REGARDING THE SEM AND CM PROGRAMS?

¹⁴ Garry D. Jones Direct Testimony, Exhibit GDJ-1, page 15.

¹⁵ *Application of Oncor Electric Delivery Company LLC to Adjust Its Energy Efficiency Cost Recovery Factor*, Docket No. 50886, Garry D. Jones Direct Testimony, Exhibit GDJ-1, page 15.

¹⁶ Karl J. Nalepa's Direct Testimony, page 9, line 18 through page 10 line 9.

1 A. No, I do not. Cities RFI 1-04 asked Oncor to provide a description of the
2 SEM and the CM programs and how they would be rolled into their
3 respective programs.¹⁷ Oncor has responded to the RFI and no questions
4 about the budget nor any follow-up was conducted that specifically point to
5 any concerns about the budget. If Cities' were needing additional
6 information on the budgets for the SEM and CM programs, they should have
7 included specific questions related to their concerns.

8 In addition, Oncor addressed Cities' concerns about the programs
9 during the settlement conference held on June 30, 2021, and on a
10 subsequent call between Mr. Nalepa and myself later that day. Oncor
11 explained the program designs and responded to all questions asked by
12 Cities.

13 Q. PLEASE DISCUSS THE SEM AND CM PROGRAMS AND THE LOGIC
14 BEHIND ONCOR'S CURRENT REQUESTED BUDGETS FOR THOSE
15 PROGRAMS.

16 A. The SEM focuses on Large Commercial, Industrial, and Agricultural
17 customers to identify deep energy and demand savings that may not
18 otherwise be addressed in the customers' facilities. It enlists a relationship
19 building approach with the customers to ensure that their specific needs and
20 opportunities are addressed. The SEM program investigates the customers'
21 current operations and system parameters to identify opportunities for
22 improvement. The implementer and customer develop an action plan based
23 on identified projects. One measure available within the SEM program is
24 retro-commissioning. As such, the Retro-commissioning program set to end
25 in mid-2021, and the measure will be rolled into the SEM program in 2022.¹⁸

26 The SEM program budget is based on discussions with the program
27 implementer, a review of the Statement of Work and the availability of
28 customers in the targeted markets. It is a reasonable estimate of the savings

¹⁷ Exhibit GDJ-R-2.

¹⁸ *Id.*

1 the program may achieve, and the budget necessary to achieve those
2 savings.

3 The CM is a continuation of the Commercial HVAC Distributor MTP
4 (Pilot) that was introduced in 2020. The CM offers utility incentives at the
5 manufacturer and distributor level, versus at the installer level. Oncor
6 incentives are used to buy down high efficiency HVAC equipment wholesale
7 costs to the installer. This reduces the cost of the equipment through the
8 entire supply chain. In 2020/2021, the Commercial HVAC Distributor MTP
9 (Pilot) focused solely on HVAC measures.¹⁹ In 2022, Oncor will begin
10 reviewing new measures that may fit the distributor model. The name was
11 changed to better describe the overall program objectives. The program
12 budget is based on discussions with the implementation contractor and that
13 contractor's Statement of Work. As new efficiency measures are identified,
14 it will take time to locate and recruit distributors, establish reporting logistics,
15 train distributor employees, and conduct other startup activities. The lower
16 budget estimate (i.e., Oncor's recommended \$1,455,980²⁰ versus Cities'
17 recommended \$1,496,820²¹) in 2022 is appropriate and reasonable.

18 Q. ARE ONCOR'S PROPOSED BUDGETS FOR THE SEM AND CM
19 REASONABLE ESTIMATES TO ACHIEVE ITS ENERGY EFFICIENCY
20 GOAL?

21 A. Yes.

22 Q. DOES ONCOR'S FORECASTED EXPENSE FOR THE 2022 ENERGY
23 EFFICIENCY PROGRAM PORTFOLIO MEET REGULATORY
24 REQUIREMENTS?

25 A. Yes. Oncor's 2022 requested EECRF is within the established residential
26 and commercial cost caps outlined in 16 TAC §25.182(d)(7) which states,
27 "[t]he total EECRF costs outlined in paragraph (1) of this subsection,

¹⁹ *Id.*

²⁰ Direct Testimony of Garry D. Jones, Exhibit GDJ-1, page 21, Table 6.

²¹ Direct Testimony of Karl J. Nalepa, page 7, lines 14 to 19.

1 excluding EM&V costs, excluding municipal EECRF proceeding expenses,
2 and excluding any interest amounts applied to over- or under-recoveries,
3 shall not exceed the amounts prescribed in this paragraph unless a good
4 cause exception filed under §25.181(e)(2) of this title is granted.”²² My direct
5 testimony, page 17 line 22 through page 19 line 23, goes into detail on this
6 calculation and show that the 2022 requested EECRF amount is within the
7 amounts prescribed in the Rule without any need for a good cause
8 exception.

9 Q. WHAT RECOMMENDATION WOULD YOU MAKE REGARDING
10 ONCOR’S SEM AND CM PROGRAM BUDGETS?

11 A. Oncor has demonstrated that the budget estimates for these programs are
12 reasonable and necessary based on the knowledge we have at the time of
13 filing. Further, Mr. Nalepa’s testimony did not question the reasonableness
14 or necessity of the budgets, and his recommendations are beyond the
15 scope of the EECRF proceeding. As designed during the rulemaking, 16
16 TAC §25.182 protects customers through an annual true-up mechanism
17 with interest, in the event that Oncor over-collects EECRF funds. I
18 recommend that the programs and budgets be approved as requested in
19 Oncor’s EECRF application.
20

21 **IV. RESEARCH & DEVELOPMENT (R&D) EXPENDITURES**

22
23 Q. DO YOU AGREE WITH MR. NALEPA’S RECOMMENDATION ON PAGE
24 12, LINES 10 – 14 FOR A REMOVAL OF \$98,000 FROM THE 2022 R&D
25 BUDGET?

26 A. No, I do not. Mr. Nalepa’s recommendation is based on Oncor’s R&D
27 spending in 2019 and 2020 and Oncor’s 2021 R&D budget, and because
28 Oncor has not selected a vendor for the Incubator. Oncor exited an
29 agreement with the General Services Administration Green Proving

²² See also, Direct Testimony of Garry D. Jones, page 17 line 26 through page 18 line 1.

1 Ground, which is a Federal program to review and approve new
2 technologies, and as a result R&D expenditures in 2019 and 2020 are lower
3 than the proposed 2022 R&D budget. The Incubator was proposed for
4 development in 2020 and implementation is expected to commence in years
5 2021 and onward. The 2019 and 2020 budgets do not account for any
6 Incubator cost and therefore do not provide a good basis for the
7 recommended removal of the \$98,000 anticipated allocation for the
8 Incubator program.

9 In addition, Oncor's proposed 2022 R&D budget of \$255,000²³ aligns
10 with the average actual R&D spend by Oncor in the previous four years as
11 can be seen in the Table below.

12
13 Summary of Oncor R&D Expenditures²⁴
14

Year	Amount
2021 (Budget)	\$150,000
2020 (Actual)	\$108,888
2019 (Actual)	\$151,015
2018 (Actual)	\$401,667
2017 (Actual)	\$352,873
4-year Average (Actual Spend from 2017 to 2020)	\$253,611

15
16 Q. HOW WILL THE \$98,000 BUDGET ALLOTTED TO THE INCUBATOR BE
17 EXPENDED?

18 A. The purpose of the Incubator is to identify and test new energy efficient
19 technologies, program strategies and ideas for inclusion in the Oncor
20 Energy Efficiency portfolio.²⁵ In 2021, Oncor hired a vendor to conduct an
21 emerging technologies assessment, and plans to implement a Technology

²³ Direct Testimony of Garry D. Jones, Exhibit GDJ-1, page 21, Table 6.

²⁴ Exhibit GDJ-R-4.

²⁵ Garry D. Jones Direct Testimony, Exhibit GDJ – 1, page 15.

1 Submission tool on Oncor's "Take a Load Off Texas" website. The tool will
2 allow outside organizations to submit technology and program ideas which
3 may be reviewed by Oncor. In 2022, when new technology ideas and
4 program strategies are received, the \$98,000 anticipated spend will be used
5 to fund technology whitepapers, work papers, engineering studies, and
6 market studies to assess the feasibility of the specific technology within the
7 Oncor service area and Texas market. Oncor anticipates to evaluate a
8 minimum of eight to ten technologies with an average spend of \$10,000 to
9 \$12,000 per technology in 2022.

10 Q. WHY HAVE VENDOR(S) NOT YET BEEN SELECTED FOR THE
11 INCUBATOR ALIGNED WITH THE PROPOSED 2022 BUDGET?

12 A. As technologies pass Oncor's initial screening, we will select a vendor who
13 employs engineers or energy efficiency experts with the skills needed to
14 review and assess the technical aspects of the identified technology.
15 Multiple vendors may be engaged dependent on the technologies being
16 evaluated, and the skillsets required to effectively review them.

17 Vendors will be responsible for technology analysis, engineering
18 studies, market analysis, deemed savings calculations, and preparing work
19 papers for presentation to the Commission evaluator. They will provide
20 technical support and expertise as the technology is added into the Texas
21 Technical Reference Manual. Funding these efforts will come from the
22 2022 R&D Incubator budget.

23 However, the Incubator is not a mere "placeholder" as alleged on
24 page 12, line 8 of Mr. Nalepa's testimony. To date, Oncor's work on the
25 Incubator has been extensive and includes working with the Commission
26 evaluator, another Texas utility, and three vendors hired by Oncor under the
27 2021 R&D budget. Oncor began developing the Incubator in the fourth
28 quarter of 2020 and since then has completed analysis and assessments
29 of new measures. Oncor hired a vendor as part of the Incubator project, to
30 perform an emerging technologies assessment that identifies potential

1 technologies applicable to the Oncor service area and Texas market. Oncor
2 is working with another vendor to develop website changes necessary to
3 create a technology submission tool, and also have identified commercial
4 and residential measures to evaluate for inclusion in the Oncor portfolio.
5 One new measure currently under review in the Incubator project is the
6 Commercial Smart Thermostat. Oncor (in collaboration with the
7 Commission evaluator, another Texas utility, and a third vendor hired by
8 Oncor) is identifying and recruiting several small commercial customers to
9 install smart thermostats at their facilities. Data from the facilities will be
10 collected and analyzed to determine the savings associated with the
11 thermostat. If the measure is viable, it will be presented for inclusion in the
12 Technical Reference Manual. Again, the Incubator is expected to launch
13 later in 2021 and onward.

14 Q. IS ONCOR'S PROPOSED \$255,000 R&D BUDGET REASONABLE AND
15 NECESSARY FOR ONCOR TO ACHIEVE ITS ENERGY EFFICIENCY
16 GOAL?

17 A. Yes. Oncor is aware of the continuous evolution of technologies within
18 energy efficiency and recognizes the need to fund studies for emerging
19 technologies through R&D. Oncor views R&D as very important for the long
20 term sustainability of our energy efficiency portfolio, and continuing to
21 achieve our energy efficiency goals in the future.

22 Q. DOES ONCOR'S R&D EXPENSES MEET REGULATORY
23 REQUIREMENTS?

24 A. Yes. The current proposed R&D cost is well within the guidelines
25 established in 16 TAC §25.181(g) which states, "[t]he cost of administration
26 in a program year shall not exceed 15% of a utility's total program costs for
27 that program year. ***The cost of research and development in a program
28 year shall not exceed 10% of a utility's total program costs for that
29 program year. The cumulative cost of administration and research and
30 development shall not exceed 20% of a utility's total program costs,***

1 unless a good cause exception filed under subsection (e)(2) of this section
2 is granted.” (Emphasis added.)

3 The \$255,000²⁶ proposed R&D cost for 2022 is 0.5% of the total
4 utility program cost (\$255,000 (2022 proposed R&D) / \$50,764,318²⁷ (2022
5 total portfolio cost = 0.5%), which is less than the 10% requirement stated
6 in 16 TAC §25.181(g).

7 The cumulative cost of administration and R&D cost proposed for
8 2022 is 11.0% of the Company’s total program cost, [(\$5,348,200²⁸ (2022
9 proposed administration cost) + \$255,000 (2022 proposed R&D cost)) /
10 \$50,764,318 (2022 proposed total EE portfolio cost) = 11.0%], which is less
11 than the 20% requirement stated in 16 TAC §25.181(g).

12 Q. WHAT ARE YOUR RECOMMENDATIONS RELATED TO THE
13 INCUBATOR?

14 A. The Incubator is a critical component of Oncor’s continued energy efficiency
15 portfolio success. I recommend that the R&D budget estimate remain as
16 submitted in Oncor’s EECRF application.

17
18 **V. CONCLUSION**

19
20 Q. DOES THIS CONCLUDE YOUR REBUTTAL TESTIMONY?

21 A. Yes.

²⁶ Direct Testimony of Garry D. Jones, Exhibit GDJ-1, page 21, Table 6.

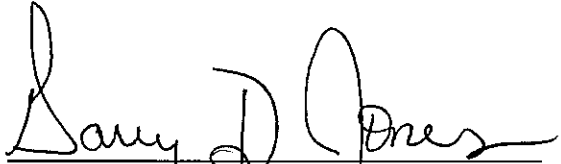
²⁷ *Id.*

²⁸ *Id.*

STATE OF TEXAS §
 §
COUNTY OF DALLAS §

BEFORE ME, the undersigned authority, on this day personally appeared Garry D. Jones, who, having been placed under oath by me, did depose as follows:

My name is Garry D. Jones. I am of legal age and a resident of the State of Texas. The foregoing rebuttal testimony offered by me are true and correct, and the opinions stated therein are, to the best of my knowledge and belief, accurate, true and correct.


Garry D. Jones

SUBSCRIBED AND SWORN TO BEFORE ME by the said Garry D. Jones
this 18th day of August, 2021.




Notary Public, State of Texas



ELECTRIC UTILITY
MARKETING MANAGERS
OF TEXAS



An AEP Company



An AEP Company



EEIP Program Summary

MARCH 11, 2021



ONCOR

PROGRAM PLAN SUMMARY



2021 Projections				
Programs	Budget	kW	kWh	
Commercial	\$19,479,096	78,536	110,618,913	
Commercial SOP	\$ 8,405,181	12,562	67,009,760	
Emergency Load Management SOP	-	-	-	
Commercial Load Management SOP	\$ 2,394,000	60,000	180,000	
Solar PV SOP	\$ 2,323,820	1,534	4,979,022	
Small Business Direct Install MTP	\$ 3,453,630	2,610	15,698,285	
Retail Platform MTP	\$ 240,845	891	4,003,671	
Commercial HVAC Distributor MTP	\$ 1,496,820	939	5,748,175	
Retro-Commissioning MTP	\$ 1,164,800	0	13,000,000	
Residential	\$19,237,075	69,709	119,271,763	
Home Energy Efficiency SOP	\$ 10,434,600	20,873	35,602,085	
Solar PV SOP	\$ 1,539,920	1,015	3,409,927	
Residential Load Management SOP	\$ 1,186,500	30,000	90,000	
Retail Platform MTP	\$ 4,576,055	16,921	76,069,751	
Residential New Home Construction MTP	\$ 1,500,000	900	4,100,000	
Hard-to-Reach	\$12,754,350	16,733	24,642,075	
Hard-to-Reach SOP	\$ 7,554,350	14,021	20,631,773	
Targeted Weatherization Low-Income SOP	\$ 5,200,000	2,712	4,010,302	
R&D	\$ 150,000			
Total	\$51,470,521	164,978	254,532,751	
EM&V	\$ 735,989			
Total	\$52,356,510			

2022/23 POTENTIAL PROGRAMS



COMMERCIAL		RESIDENTIAL	LOW INCOME
Commercial SOP		Home Energy Efficiency SOP	Hard-to-Reach SOP
Emergency Load Management SOP		Solar PV SOP	Targeted Weatherization Low-Income SOP
Commercial Load Management SOP		Residential Load Management SOP	
Small Business Direct Install MTP		Retail Products Program MTP	
Solar PV SOP		Residential New Home Construction MTP	
Retail Products Program MTP			
Commercial Midstream Program MTP			
Energy Concierge Program MTP (Pilot)			



2020/21 COVID-19 IMPACTS

Programs

- Small Business Direct Install Program shutdown from March to May 2020
- All other Energy Efficiency Programs continued to be operational
- No forecasted shutdown of programs in 2021

Processes

- Implementation of Desk Review Processes in 2020 and will continue on for 2021
- Oncor Staff working remotely
- Lower utility administrative cost due to travel restrictions and remote work

Oncor - Docket No. 52178
CITIES RFI Set No. 1
Question No. 1-04
Page 1 of 1

Request

Refer to the Direct Testimony of Garry D. Jones, Exhibit GDJ-1, Table 5:

- i. Please provide a description of the Strategic Energy Management MTP (Pilot) and explain how the Retro-commissioning MTP will be rolled into it in 2022.
- ii. Please provide a description of the Commercial Midstream MTP and explain how the Commercial HVAC Distributor MTP (Pilot) will be rolled into it in 2022.

Response

The following response was prepared by or under the direct supervision of Garry D. Jones, the sponsoring witness for this response.

- i. **Strategic Energy Management (SEM) MTP Pilot** uses an energy concierge approach to identify deep energy savings for Large Commercial, Industrial, and Agricultural customers. It enlists a relationship building approach with the customer to ensure that their specific needs and opportunities are addressed. The SEM program investigates the customers' current operations and system parameters to identify opportunities for improvement. The implementer and customer develop an action plan based on identified projects.

One measure available within the SEM program is retro-commissioning. As such, the Retro-commissioning program set to end in mid-2021, and the measure will be rolled into the SEM program in 2022.

- ii. **Commercial Midstream MTP** offers utility incentives at the manufacturer and distributor level, versus at the installer level. Oncor incentives are used to buy down high efficiency HVAC equipment wholesale costs to the installer. This reduces the cost of the equipment through the entire supply chain.

In 2020/2021, the Commercial HVAC Distributor MTP (Pilot) focused solely on HVAC measures. In 2022, Oncor plans on offering additional measures using the midstream model and the program name change reflects the addition of these measures into the program.

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CITIES RFI Set No. 1
Question No. 1-01
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Request

Refer to the Direct Testimony of Garry D. Jones at page 6. Please describe the "minor differences" found in Oncor's residential and commercial program savings and explain the impact of not including the net positive savings in Oncor's reported demand and energy savings.

Response

The following response was prepared by or under the direct supervision of Garry D. Jones, the sponsoring witness for this response.

The results from TetraTech's review of Oncor's claimed 2020 savings yielded a 100% realization rate for kW and kWh for both the residential and commercial sector. The interim report showed a slight adjustment for total measures in the residential sector including ceiling insulation, air infiltration, energy star refrigerator and energy star thermostat; as well as adjustment to the commercial sector for measures such as lighting control and lighting new construction. Oncor elected to not include the net positive savings in Oncor's reported demand and energy savings as it would increase the performance bonus by approximately \$1,450 as noted in the following table.

	Claimed kW	Evaluated kW	Claimed kWh	Evaluated kWh	KW Adjustment	kWh Adjustment
Residential						
Targeted LIP						
Ceiling Insulation	67.62	67.42	90,545.50	90,424.8		
Energy Star Refrigerator	0.18	0.09	737.30	691.6		
Hard-to-Reach SOP						
Air Infiltration			8,991,530.9	8,986,980.5		
Home Energy Efficiency SOP						
Air Infiltration			2,572,073.9	2,567,866.5		
Energy Star Thermostat			505,411.0	506,128.0		
Commercial						
Commercial SOP						
Lighting	8,402.41	8,405.82	42,146,802.8	42,160,740.8		
Lighting Controls	535.38	536.28	2,466,479.9	2,470,072.9		
Total Residential	98,798.78	98,798.49	183,206,490.6	183,200,283.4	-0.0003%	-0.004%
Total Commercial	100,404.93	100,409.24	112,287,874.4	112,305,405.4	0.0043%	0.02%
Total Portfolio	199,203.71	199,207.73	295,496,365.0	295,505,688.8	0.0020%	0.003%
Current Performance Bonus	\$30,796,489					
Performance Bonus with Adjustments	\$30,797,939					
Net Increase with Adjustment	\$1,450					

Oncor - Docket No. 52178

CITIES RFI Set No. 1

Question No. 1-06

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Request

Refer to the Direct Testimony of Garry D. Jones, Exhibit GDJ-1, Table 9. Please provide the historical Administrative and R&D expenditures separately by year for the years 2016 through 2020.

Response

The following response was prepared by or under the direct supervision of Garry D. Jones, the sponsoring witness for this response.

Administrative and R&D expenditures for 2016 through 2020 are shown below:

	<u>Administrative</u>	<u>R&D</u>
2020	\$4,971,994	\$108,888
2019	\$5,550,954	\$151,015
2018	\$5,802,508	\$401,667
2017	\$5,423,079	\$352,873
2016	\$5,330,471	\$131,169