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EXPEDITED PETITION FOR	§	PUBLIC UTILITY
APPROVAL OF INTERIM LOAD	§	
MANAGEMENT PROGRAMS FOR	§	COMMISSION OF TEXAS
NONRESIDENTIAL CUSTOMERS AND	§	
FOR AN ACCOUNTING ORDER	§	

**ADDITIONAL INFORMATION ON THE JOINT TDUS’ INTERIM LOAD
MANAGEMENT PROGRAMS IN RESPONSE TO ORDER NO. 2**

AEP Texas Inc. (AEP Texas); CenterPoint Energy Houston Electric, LLC (CenterPoint Houston); and Texas-New Mexico Power Company (TNMP) (collectively, the Joint TDUs) file this Response to Order No. 2 and Additional Information on the Interim Load Management Programs. In support of their Response and Additional Information, the Joint TDUs state the following:

I. General Overview

On June 8, 2021, the Governor of Texas signed S.B. 3¹ into law which, among other things, requires the Public Utility Commission of Texas (Commission) to “allow a transmission and distribution utility to design and operate a load management program for nonresidential customers to be used where the independent organization certified under Section 39.151 for the Electric Reliability Council of Texas (ERCOT) power region has declared a Level 2 Emergency or a higher level of emergency or has otherwise directed the transmission and distribution utility to shed load.”² The Joint TDUs request that the Commission approve, on an expedited basis, Joint TDUs: (1) designing and operating load management programs for nonresidential customers during the period of December 1, 2021 through February 28, 2022 (the Interim Load Management Programs) and (2) recording a regulatory asset for the reasonable and necessary costs associated with the design and operation of the Interim Load Management Programs and for future load management programs for nonresidential customers.

The Joint TDUs are requesting Commission approval of the Interim Load Management

¹ S.B. 3, 87th Leg., R.S. (2021), Section 16, creating Public Utility Regulatory Act (PURA), Tex. Util. Code Ann. § 38.075.

² *Id.*, Section 16, creating PURA § 38.075.

Programs and the recording of a regulatory asset in a separate docketed proceeding and outside of their respective energy efficiency programs due to the timing of S.B. 3, the timing of Joint TDUs' respective energy efficiency applications, and seeking use, if necessary, in the impending winter season. S.B. 3 was effective June 8, 2021. The Joint TDUs' respective energy efficiency applications were filed before the June 8, 2021 effective date and thus do not address or include costs related to the Interim Load Management Programs.³ In addition to timing issues, the Commission's current energy efficiency rule may limit or may not fully address aspects of the Interim Load Management Programs. For example, the cost caps in the current energy efficiency rule may limit the ability to support additional load management programs within Joint TDUs' current energy efficiency budgets.⁴ Additionally, transmission-level customers are not eligible for energy efficiency-funded programs.

The objective of the Joint TDUs respective Interim Load Management Programs is to attain higher levels of demand reduction during grid emergencies or when otherwise directed by ERCOT to shed load by incentivizing customers to provide reliable load curtailment that can be initiated when needed. Additional information for the Joint TDUs' respective Interim Load Management Programs is detailed further below.

II. Description of Interim Load Management Programs

A detailed description of each of the Joint TDU's proposed interim load management programs is attached to this pleading.

III. Cost Issues

Each of the Joint TDUs has processes and controls in place to ensure that the incremental costs to be included in the requested regulatory asset will not be costs that are currently recovered through base rates (e.g. payroll expenses, office expenses, affiliate expenses, taxes). Such incremental costs will be charged to a specific cost center/internal work order and subsequently

³ See generally *Application of AEP Texas Inc. to Adjust its Energy Efficiency Cost Recovery Factor and Related Relief*, Docket No. 52199, AEP Application (Jun. 1, 2021); *Application of CenterPoint Energy Houston Electric, LLC to Adjust its Energy Efficiency Cost Recovery Factor*, Docket No. 52194, CenterPoint Houston Application (Jun. 1, 2021); and *Application of Texas-New Mexico Power Company for Approval to Adjust the Energy Efficiency Cost Recovery Factor and Related Relief*, Docket No. 52153, TNMP Application (May 27, 2021).

⁴ See 16 Tex. Admin. Code § 25.182(d)(7).

booked to the requested regulatory asset.

Similarly, with regard to the potential inclusion of affiliate costs in the requested regulatory asset, each of the Joint TDUs has processes and controls in place to ensure that such affiliate costs comply with the standards set in PURA § 36.058. Each of the Joint TDUs is a part of a corporate structure in which a service company provides a number of services to the affiliates within their respective corporate structures. The service companies of the respective Joint TDUs bill services either through direct billings or by allocation. Direct billed costs represent costs for services incurred directly on behalf of an affiliate. Services that are directly billed are billed without profit, and the costs are priced exactly the same as those provided to other affiliates within the corporate structure. Each affiliate within the corporate structure is charged costs based on the same terms. For services billed on the basis of time spent, each affiliate within the corporate structure is charged the same rate per billable hour for the same service. Such equal treatment is necessary to ensure that all affiliates bear their appropriate costs. Stated differently, the Joint TDUs have processes and controls in place to ensure that their respective service companies do not charge a price that is no higher or lower than the price charged to other affiliates within the corporate structure.

With regard to the recovery of the costs associated with the Interim Load Management Programs, S.B. 3 states that a “transmission and distribution utility implementing a load management program . . . shall be permitted to recover the reasonable and necessary costs of the load management program under Chapter 36 [of PURA].”⁵ The Joint TDUs believe that recovery of costs should be addressed in a subsequent proceeding, including a base rate case proceeding or any proceeding created or designated by the Commission’s future rule on load management programs for nonresidential customers.

IV. Conclusion

The Joint TDUs request that the Commission consider the additional information provided in their review and approval of the Joint TDUs Expedited Petition. The Joint TDUs request Commission approval, on an expedited basis, of the design and operation of the Interim Load Management Programs and an accounting order that permits the recording of a regulatory asset for reasonable and necessary costs associated with the design and operation of the Interim Load

⁵ S.B. 3, Section 16, creating PURA § 38.075.

Management Programs and for future load management programs for nonresidential customers. The Joint TDUs request that the Commission consider and approve, on an expedited basis, this Expedited Petition at the regularly scheduled Open Meeting on November 18, 2021, or at a duly scheduled Open Meeting prior to December 1, 2021.

Date: November 1, 2021

Respectfully submitted,

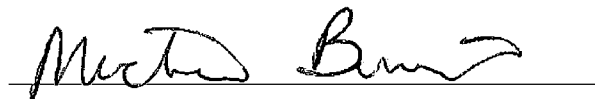


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On Behalf of the Joint TDUs

CERTIFICATE OF SERVICE

I, Michael Burlison, certify that a copy of this document was served on all parties of record in this proceeding on November 1, 2021, by e-mail pursuant to the Order Suspending Rules - PUC Docket No. 50664.



AEP Texas' Interim Load Management Program

AEP Texas Interim Winter Load Management Pilot Program

PROGRAM OVERVIEW

Description

The Interim Winter Load Management Pilot Program (Program) provides incentives to Program participants (Participants) for curtailing electricity demand when the ERCOT power region has declared a Level 2 Emergency or a higher level of emergency or has otherwise directed AEP Texas to shed load. Participants include non-residential customers and commercial aggregation groups that can identify curtailable load. The Program will operate December 1, 2021 through February 28, 2022 (Program operating period). Participants must be available to curtail from 6 a.m. to 10 p.m. Monday through Friday, excluding federal holidays, and be capable of curtailing load within 30 minutes' notice. The minimum load reduction that may be subscribed in the Program is 100 kilowatts (kW).

Program savings are determined using the load management calculations in the Texas Technical Reference Manual (TRM).⁶ A baseline load management test will be conducted to demonstrate that the participant is capable of curtailing at least 100 kW. 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 non-residential market.

Program Objectives

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

- gather information to inform and establish best practices for winter load management;
- encourage involvement by a wide range of Participants;
- streamline Program processes to improve event notification protocols, data analysis, and Participant payments; and
- evaluate TRM calculations and evaluate possibilities for a more comprehensive winter load management program.

⁶ See generally *Energy Efficiency Implementation Project Under 16 TAC § 25.181(q)*, Project No. 38578, Commission Staff Approval of Texas Technical Reference Manual Version 8.0 (Apr. 7, 2021).

PROGRAM PRICING

Program Goals and Budget

The Program seeks to achieve 10 MW in load reduction during the Program operating period, with an estimated budget for incentive payments of \$650,000.

Pricing Structure

AEP Texas will pay the project sponsor (i.e., customer or third-party aggregator) an incentive payment of \$35.00 per kW of the verified curtailed load, up to the approved kW amount for each site participating in the Program. There is no obligation to pay for any curtailed loads that exceed the approved kW amount. Performance will be measured and verified for each curtailment event. The total incentive paid after the conclusion of the program period will be based on the average performance over all events. AEP Texas will verify a Participant's curtailment using the methodology currently approved by the Commission in the TRM.

ELIGIBILITY

Participant

All AEP Texas non-residential customers and aggregation groups are eligible to participate. Each Participant must subscribe a minimum of 100 kW of load reduction to be eligible for 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 load within 30 minutes of notification. Events may be called from 6 a.m. to 10 p.m. Monday through Friday, excluding federal holidays, during the Program operating period. AEP Texas may call a maximum of six unscheduled events during the Program operating period, with any single event lasting no more than four hours.

IDENTIFICATION AND VERIFICATION OF CURTAILED LOAD

Responsibility

AEP Texas will identify and verify a Program participant's load data through AEP Texas' Advanced Metering System (AMS). AEP Texas Energy Efficiency will work with AEP Consumer Program Services to acquire AMS data. Metering may be required to ping meters or dispatch technicians to acquire incomplete meter data. AEP Consumer Program Services will send the AMS data to Frontier Energy who will import this AMS data into their eCurtail database, which will maintain, analyze, and calculate load reduction based on TRM calculations.

Approach

Identification and verification is completed by acquiring AMS meter data, identifying and resolving incomplete data, and completing calculations in accordance with the TRM.

Inspection Procedures

No onsite inspections are required in the Program.

PROGRAM PROCESS

Application

Potential Participants 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 AEP Texas 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 reviewed on a first-come, first-served basis. To enroll, participants will submit an application through an online database and sign applicable agreement documents.

Participation and Incentive Payment

Participants must commit to: (a) one scheduled test curtailment of up to one hour during the Program operating period; and (b) a maximum of six unscheduled curtailments during the Program operating period, with each curtailment lasting up to four hours in duration. The scheduled test curtailment will be conducted to demonstrate that the participant is capable of curtailing at least 100 kW. The Participant incentive will be established based on performance during the unscheduled events, total program curtailment, and available budget. If there are no unscheduled events, the Participant incentive will be established based on performance during the test event.

PROGRAM PROMOTION

AEP Texas will conduct outreach to eligible program participants, including aggregation groups and non-residential customers that can identify curtailable load. Program promotion and outreach will utilize existing email distribution lists for non-residential customers.

PILOT PROGRAM RATIONALE

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

- demonstrate Program load reduction capabilities during the Program operating period;
- test the Program design, outreach and participant recruitment, program rules, data collection methodologies, and effectiveness of TRM calculations during the Program operating period;
- identify any issues with participant compliance and sustainability throughout the Program operating period; and
- identify the non-residential measures that provide significant load reduction during Program operating period.

AEP Texas designed the Program to incentivize participation during key times during December, January, and February. The Program hours from 6 a.m. to 10 p.m. include the winter peak periods as well as the hours when Participants are likely using the most load and will likely have the ability to curtail that load. The Program goal of achieving 10 MW in load reduction during the Program operating period is half of the goal of AEP Texas' summer load management goal because the winter program is shorter in duration and there will likely be a smaller pool of participants, as many of the summer participants are agricultural customers. Through its experience with its summer load management program, AEP Texas has found that a \$35.00/kW incentive is sufficient to attract participants and cost effective. The pricing structure also provides Participants incentive

to curtail their maximum approved kW. However, there is no minimum curtailment in order to receive an incentive payment, so that even if a customer is unable to meet a minimum threshold a Participant is still incentivized to curtail as much as they can. Permitting this flexibility will also allow AEP Texas to better understand Participant behavior and gather important data for improving the Program in the future. AEP Texas will use Program findings and lessons learned to prepare a permanent winter load management program beginning in December 2022.

CenterPoint Houston's Interim Load Management Program

CenterPoint Houston Electric, LLC's Interim Emergency Load Management Program

Program Summary

Senate Bill 3, signed into law on June 8, allows Transmission and Distribution Utilities to design and operate a load management program for non-residential customers to reduce peak demand during grid emergencies. CenterPoint Energy Houston Electric, LLC's (CenterPoint Houston) Interim Emergency Load Management Program (Program) addresses the opportunity provided through SB3 by incentivizing program participants to provide reliable load curtailment that can be initiated when needed. Program participants (Project Sponsors) will include commercial customers and aggregation groups who can curtail load with 30 minutes notice, and participate in curtailment events 24 hours a day, seven days a week. CenterPoint Houston will operate the Program from December 1, 2021 through February 28, 2022.

Program Objectives

The objectives of CenterPoint Houston's Interim Emergency Load Management Program are to

- Attain reliable peak demand reduction during grid emergencies; and
- Evaluate program impacts and processes to gain insights that support the design of future Emergency Load Management Activities

Program Pricing

CenterPoint Houston will pay the Project Sponsor (e.g., customer or third-party aggregator) an incentive payment of \$30.00 per kilowatt verified curtailed load, up to the approved kilowatt amount for each site participating in the Interim Load Management program.

Eligibility

Project Sponsor Eligibility

Project Sponsors will be required to demonstrate a commitment to fulfilling program objectives and competency in completing their proposed project. Project Sponsors will be required to provide information concerning their loads, facility characteristics, and curtailment process. Eligible Project Sponsors include:

- National or local energy service companies (ESCOs) or other aggregation groups.
- Retail Individual customers that identify curtailable load in their own facilities.

Project and Site Eligibility

A project site is defined as one or more metered locations. A single project site may include multiple buildings served by a single IDR meter or Smart Meter, or Project Sponsors may include more than one project site in their applications provided each project site is:

- A non-residential customer served by CenterPoint Houston and able to provide on call curtailment during the Performance Period (December 1, 2021 through February 28, 2022).

- Served by an Interval Data Recorder (IDR) and/or Smart Meter that is monitored by CenterPoint Houston. If all buildings and meters are tied to one ESI ID, then they may be combined into a single project site.

Eligible Curtailable Loads listed on the project application and approved by CenterPoint Houston will be available for curtailment. This may be entire building(s) and/or individual end-use electricity consuming equipment. Curtailable Loads must meet the following requirements:

- Curtailable Loads must produce demand savings (reduction of electrical consumption at the meter) as the result of verified savings following a dispatched (noticed) curtailment.
- Curtailment is to be initiated within 30 minutes of notice, and last for the duration of the curtailment, not to exceed three hours for the Scheduled (test) Curtailment and four hours each Unscheduled Curtailment, at any time during the performance period (December 1, 2021-September February 28, 2022).
- Project Sponsors must commit to making Curtailable Load available for all three months of the performance period.

The following Curtailable Loads are excluded from the program:

- Critical load or load curtailment that result in negative environmental or health effects.
- Curtailable Loads that are eligible to earn incentive payments from other programs, including but not limited to programs available through ERCOT.

Program Demand Reduction Goal

CenterPoint Houston seeks to have between 100 megawatts and 300 megawatts of curtailable load in its Interim Load Management Program.

Measurement and Verification

CenterPoint Houston will perform the Monitoring and Verification (M&V) Process after each curtailment (Scheduled or Unscheduled). Demand savings and incentive payment amounts will be based on actual, verified Curtailable Load reduction. CenterPoint Houston will analyze meter data for each participating site to calculate load reduction using the methodology approved by the Commission in the Texas Technical Reference Manual.⁷

Program Process

Application

Potential Project Sponsors will be required to provide an application to CenterPoint Houston. Applicants must provide the following information for each ESIID included in the application,:

- Location and description of site
- Proposed curtailment amount

⁷ See generally Energy Efficiency Implementation Project Under 16 TAC § 25.181(q), Project No. 38578, Commission Staff Approval of Texas Technical Reference Manual Version 8.0 (Apr. 7, 2021).

- Curtailment method
- Description of load to be curtailed

Submitted Applications will be reviewed by CenterPoint Houston to determine participant eligibility, and project feasibility based on submitted data. Applicants will be notified of their application status (participation approved or denied) and CenterPoint Houston will confirm the amount of load curtailment approved for each individual site.

Participation

CenterPoint Houston has set the maximum number of curtailments at six, including a maximum of two annual Scheduled (test) Curtailment(s), and a maximum of four annual Unscheduled Curtailments.

- Scheduled curtailments are for testing program effectiveness, and the duration of Scheduled Curtailments is one to three hours.
- Unscheduled Curtailment may occur in the event ERCOT notifies CenterPoint Houston to initiate curtailment. The duration of an Unscheduled Curtailment is one to four hours.

CenterPoint Houston will notify Project Sponsors of a curtailment event with thirty (30) minutes' notice of the event start-time. Curtailment times will not be limited to a specific set of hours or days per week.

Outreach

CenterPoint Houston will recruit participants through direct outreach to customers and aggregation groups. The Company will leverage its internal Key Account Managers to offer the program to customers and will also coordinate with its Marketing organization to deploy email campaigns promoting the program.

Savings Verification and Payment

At the conclusion of the Program Performance Period, CenterPoint Houston will pay Project Sponsors an incentive for verified curtailed load, up to the approved kilowatt amount for each site participating in the Interim Load Management program. There is no obligation to pay for any load curtailment that exceeds the amount approved for the Project Sponsor. Performance will be measured and verified for each curtailment event; however, the total incentive paid after the conclusion of the program period will be based on the average performance over all events.

TNMP's Interim Load Management Program

TNMP Interim Load Management Pilot Program

PROGRAM OVERVIEW

Description

The Interim Load Management Pilot Program (Program) provides incentives to program participants (Participants) for curtailing electricity demand when requested by ERCOT, and during ERCOT emergencies. Participants include energy service companies, aggregation groups, and individual nonresidential customers that can identify curtailable load. 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 up-to 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 past performance in the 2021 TNMP Load Management Program in TNMP's energy efficiency portfolio and available Program budget. Final Program payments are determined by established Program rules and TRM calculations.

Rationale

The Program seeks to support grid resiliency by providing load reduction capabilities in the commercial market. Additionally, the Program addresses the requirements of Senate Bill 3.

Program Objectives

The primary objective of this Program is to achieve demand reduction to support ERCOT. Additional objectives of the Program are to gather information to streamline Program processes, to improve program design, and optimize outreach to increase participation to encompass winter and/or 24/7 operations in a full Standard Offer Program.

PROGRAM PRICING

Program Goals and Budget

The Program seeks to achieve 1.5 MW in load reduction during the pilot operating period, with a budget of \$60,000.

Pricing Structure

Standard incentives are offered for demand savings, based on TRM calculations. Incentive payments shall not exceed the budget.

ELIGIBILITY

Participant

All TNMP individual nonresidential customers, as well as energy service companies, and aggregation groups are eligible to participate. 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. Based on ERCOT's direction, events may be called at any time during the Program operating period. TNMP may call a maximum of four events, plus one scheduled test, during the Program operating period with any single event lasting from 1 to 4 hours.

MEASUREMENT AND VERIFICATION

Purpose

Measurement and verification through TNMP's third-party eCurtail system to verify Participant load reduction and to calculate the Participant payment.

Responsibility

TNMP Energy Efficiency (EE) will utilize internal systems to acquire AMS data. EE will work with eCurtail manager Frontier Energy to analyze the AMS data and calculate load reduction based on TRM calculations.

Approach

Measurement and verification is completed by acquiring AMS meter data, uploading that data into the eCurtail system, identifying and resolving incomplete data, and completing calculations in accordance with the TRM.

Inspection Procedures

No onsite inspections are required in the Program.

PROGRAM PROCESS

Application

Potential Participants 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 TNMP 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 reviewed on a first-come, first-served basis.

Participation

A test event will be scheduled during winter peak hours as defined in 16 Tex. Admin. Code § 25.181 (TAC) and participants are required to demonstrate that they can curtail load. TNMP will determine the response of each participant using AMS data and the TRM. The Participant contract Obligation will be established based on past performance in the 2021 TNMP Load Management Program in TNMP's energy efficiency portfolio and available budget.

Any actual events called by ERCOT during the operation period will be evaluated using AMS data.

Payment

At the end of the Program operating period, TNMP will analyze Participant response across all events. TNMP will calculate the incentive payment based on current Program rules and incentive levels. In the absence of events beyond the test event the customer payment will be based on their baseline Obligation. The events will be logged, and TNMP may work with a third-party vendor to address lessons learned prior to opening the Standard Offer Program in December 2022.

PROGRAM PROMOTION

TNMP will reach out directly to 2021 TNMP Load Management participants to recruit participation.

PROGRAM SAVINGS DETERMINATION

Program savings determination is calculated as the sum of the verified kW for all Participants. TNMP will also report any additional Program savings achieved but not paid. This additional savings will not be eligible for incentives.

PILOT PROGRAM

The Program is a pilot program. Several unique scenarios exist when implementing an up-to 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. TNMP will work diligently to adjust TRM methodologies ensuring that 24/7 operations and savings determinations are accurate.

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

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

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