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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	§	

DIRECT TESTIMONY OF SHEA A. RICHARDSON

FOR

CENTERPOINT ENERGY HOUSTON ELECTRIC, LLC

NOVEMBER 9, 2021

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Exhibit SAR-1	CenterPoint Houston’s Interim Load Management Program

DIRECT TESTIMONY OF SHEA RICHARDSON

I. INTRODUCTION AND BACKGROUND

Q. PLEASE STATE YOUR NAME AND POSITION.

A. My Name is Shea Richardson, and I serve as the Manager of Energy Efficiency Compliance for CenterPoint Energy Houston Electric, LLC (“CenterPoint Houston” or the “Company”). My business address is 1111 Louisiana St., Houston, Texas 77002.

Q. PLEASE SUMMARIZE YOUR EDUCATION AND PROFESSIONAL EXPERIENCE.

A. In August of 2008, I began my career in the energy efficiency field as an Energy Efficiency Consultant for CenterPoint Houston in Houston, Texas. In that role, I managed several energy efficiency programs, assisted in the delivery of the Company’s Energy Efficiency Plan & Report, and supported the Company’s efforts to pilot Home Area Network equipment that utilized the newly deployed Advanced Metering System. In March of 2013, I accepted a position as CenterPoint Energy’s Manager of Conservation Improvement Program Implementation for Arkansas and Oklahoma and relocated to Little Rock, Arkansas. In that role I managed the Company’s natural gas energy efficiency programs delivered in Arkansas and Oklahoma. I also provided regulatory support and ensured that the programs complied with all regulatory requirements. In November of 2018, I accepted my current role as Manager of Energy Efficiency Compliance for CenterPoint Houston and returned to Houston, Texas to perform those duties. I graduated with a

1 Bachelor of Arts degree in Business from Southwestern University in Georgetown,
2 Texas.

3 **Q. ON WHOSE BEHALF ARE YOU TESTIFYING?**

4 A. I am testifying on behalf of CenterPoint Houston.

5 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?**

6 A. The purpose of my testimony is to: (1) detail CenterPoint Houston’s Interim Load
7 Management Program, attached as Exhibit SAR-1 to this testimony, as modified by
8 the Stipulation and Settlement Agreement (“Agreement”); (2) detail the
9 commitments made by CenterPoint Houston as Agreement regarding CenterPoint
10 Houston’s Interim Load Management Program; and (3) provide CenterPoint
11 Houston’s recommendation to the Public Utility Commission of Texas
12 (“Commission”) regarding the Company’s Interim Load Management Program and
13 the Agreement.

14 **Q. WHAT EXHIBITS HAVE YOU INCLUDED WITH YOUR TESTIMONY?**

15 A. Exhibit SAR-1 is a document that details CenterPoint Houston’s Interim Load
16 Management Program.

17 **Q. WAS YOUR TESTIMONY AND THE EXHIBITS ATTACHED THERETO
18 PREPARED BY YOU OR UNDER YOUR DIRECT SUPERVISION AND
19 CONTROL?**

20 A. Yes.

21 **Q. PLEASE SUMMARIZE YOUR TESTIMONY.**

22 A. CenterPoint Houston, along with AEP Texas Inc. (“AEP Texas”) and Texas-New
23 Mexico Power Company (“TNMP”), have requested expedited Commission

1 approval to: (1) design and operate load management programs for nonresidential
2 customers during the period of December 1, 2021 through February 28, 2022 (the
3 “Interim Load Management Programs”) and (2) record a regulatory asset for
4 reasonable and necessary costs associated with the design and operation of the
5 Interim Load Management Programs and for future load management programs for
6 nonresidential customers. Under CenterPoint Houston’s proposed Interim Load
7 Management Program, incentives will be provided to program participants to
8 curtail electricity demand when the Electric Reliability Council of Texas, Inc.
9 (“ERCOT”) has declared a Level 2 Emergency or higher or has otherwise directed
10 CenterPoint Houston to shed load. The program period for CenterPoint Houston’s
11 Interim Load Management Program will be from December 1, 2021 through
12 February 28, 2022. Program participants must be able to make their load curtailable
13 at any time during the day or night, twenty-four hours a day, seven days a week and
14 must be capable of curtailing load within 30 minutes notice. Program participants
15 must commit to six curtailments during the program period, with a maximum of
16 two scheduled test curtailments and a maximum of four unscheduled curtailments.
17 On November 9, 2021, AEP Texas, CenterPoint Houston, TNMP, and Commission
18 Staff entered into the Agreement, which addressed: (1) the design and operation of
19 the Interim Load Management Programs; (2) the recording of a regulatory asset for
20 reasonable and necessary costs associated with the design and operation of the
21 Interim Load Management Programs; and (3) certain cost issues. I believe the
22 Agreement is reasonable and enables CenterPoint Houston to implement its Interim
23 Load Management Program, as described in the Agreement, for the upcoming

1 Winter season. Thus, I recommend the Commission: (1) approve the Agreement;
2 (2) permit the design and operation of the Interim Load Management Programs, as
3 described in the Agreement; and (3) permit AEP Texas, CenterPoint Houston, and
4 TNMP to each record a regulatory asset for the reasonable and necessary costs
5 associated with the design and operation of their respective Interim Load
6 Management Programs.

7 **II. THE INTERIM LOAD MANAGEMENT PROGRAM**

8 **Q. WHAT IS THE PURPOSE OF CENTERPOINT HOUSTON'S INTERIM**
9 **LOAD MANAGEMENT PROGRAM?**

10 A. The purpose of CenterPoint Houston's Interim Load Management Program is to
11 attain demand reduction during grid emergencies or when otherwise directed by
12 ERCOT to shed load by incentivizing customers to provide reliable load
13 curtailment that can be initiated when needed. Additionally, the Interim Load
14 Management Program will evaluate program impacts and processes to gain insights
15 that support the design of future load management programs.

16 **Q. WHO IS ELIGIBLE TO PARTICIPATE IN CENTERPOINT HOUSTON'S**
17 **INTERIM LOAD MANAGEMENT PROGRAM?**

18 A. Program participants are referred to as Project Sponsors. Entities that are eligible
19 to be Project Sponsors are national or local energy service companies, aggregation
20 groups, and individual nonresidential customers that identify curtailable load in
21 their own facilities.

22 **Q. ARE CERTAIN LOADS EXCLUDED FROM CENTERPOINT**
23 **HOUSTON'S INTERIM LOAD MANAGEMENT PROGRAM?**

1 A. Yes. The following loads are excluded from the Interim Load Management
2 Program: (1) critical load or load curtailment that may result in negative
3 environmental or health effects and (2) curtailable loads that are eligible to earn
4 incentive payments from other programs, including but not limited to, programs
5 available through ERCOT.

6 **Q. WHAT PROJECT SITES ARE ELIGIBLE TO PARTICIPATE IN**
7 **CENTERPOINT HOUSTON'S INTERIM LOAD MANAGEMENT**
8 **PROGRAM?**

9 A. A project site is defined as one or more metered locations. A single project site
10 may include multiple buildings served by a single Interval Data Recorder (IDR)
11 meter or Smart Meter. Project Sponsors may include more than one project site in
12 their enrollment applications for CenterPoint Houston's Interim Load Management
13 Program. Project sites may be entire buildings or individual end-use electricity
14 consuming equipment.

15 **Q. HOW MUCH CURTAILABLE LOAD DOES CENTERPOINT HOUSTON**
16 **SEEK TO ENROLL IN ITS INTERIM LOAD MANAGEMENT**
17 **PROGRAM?**

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

20 **Q. HOW WILL CENTERPOINT HOUSTON ENROLL PROGRAM**
21 **PARTICIPANTS?**

22 A. CenterPoint Houston will recruit potential Project Sponsors through direct outreach
23 to nonresidential customers and aggregation groups. CenterPoint Houston will

1 coordinate with its internal key account managers and marketing department to
2 deploy marketing campaigns that promote the Interim Load Management Program.

3 **Q. WHAT ARE THE REQUIREMENTS FOR THE PROJECT SPONSORS IN**
4 **CENTERPOINT HOUSTON'S INTERIM LOAD MANAGEMENT**
5 **PROGRAM?**

6 A. Project Sponsors with eligible curtailable loads approved by CenterPoint Houston
7 must meet the following requirements:

- 8 • Project Sponsors must be able to make their load curtailable at any time
9 during the day or night, twenty-four hours a day, seven days a week and
10 must be capable of curtailing load within 30 minutes notice;
- 11 • Project Sponsors must commit to making their curtailable load available for
12 the entire program period (December 1, 2021 through February 28, 2022);
- 13 • Project Sponsors must commit to six curtailments during the program
14 period, with a maximum of two scheduled test curtailments, with a duration
15 of one to three hours for each curtailment, and a maximum of four
16 unscheduled curtailments, with the duration of one to four hours for each
17 curtailment; and
- 18 • Curtailable loads must produce demand savings as the result of verified
19 savings following a dispatched curtailment.

20 **Q. HOW WILL CENTERPOINT HOUSTON MEASURE AND VERIFY THE**
21 **DEMAND SAVINGS?**

22 A. CenterPoint Houston will perform the monitoring and verification process after
23 each scheduled and unscheduled curtailment. Demand savings will be based on

1 actual, verified curtailable load reduction. To calculate load reduction, CenterPoint
2 Houston will analyze meter data for each participating project site using the
3 methodology approved by the Commission in the Texas Technical Reference
4 Manual.

5 **Q. HOW ARE INCENTIVES STRUCTURED UNDER CENTERPOINT**
6 **HOUSTON'S INTERIM LOAD MANAGEMENT PROGRAM?**

7 A. At the conclusion of the program period, CenterPoint Houston will pay each Project
8 Sponsor an incentive payment of \$30 per kilowatt of verified curtailed load, up to
9 the approved kilowatt amount for each project site participating in the Interim Load
10 Management Program. Performance will be measured and verified for each
11 curtailment event. The total incentive payment will be based on the average
12 performance over all events.

13 **Q. IS CENTERPOINT HOUSTON'S INTERIM LOAD MANAGEMENT**
14 **PROGRAM BEING OPERATED OUTSIDE OF CENTERPOINT**
15 **HOUSTON'S COMMISSION-APPROVED ENERGY EFFICIENCY**
16 **PROGRAMS?**

17 A. Yes. CenterPoint Houston, along with AEP Texas and TNMP, have requested to
18 design and operate their respective Interim Load Management Programs outside of
19 their respective Commission-approved energy efficiency programs due to the
20 timing of S.B. 3, the law that permits the Interim Load Management Programs and
21 load management programs in general. S.B. 3 was effective June 8, 2021.
22 CenterPoint Houston's, AEP Texas', and TNMP's respective energy efficiency
23 applications were filed before the June 8, 2021 effective date and therefore do not

1 address or include costs related to their respective Interim Load Management
2 Programs.

3 **III. THE AGREEMENT**

4 **Q. PLEASE DESCRIBE YOUR UNDERSTANDING OF THE AGREEMENT.**

5 A. On November 9, 2021, AEP Texas, CenterPoint Houston, TNMP, and Commission
6 Staff entered into the Agreement, which addressed: (1) the design and operation of
7 the Interim Load Management Programs; (2) the recording of a regulatory asset for
8 reasonable and necessary costs associated with the design and operation of the
9 Interim Load Management Programs; and (3) certain cost issues.

10 **Q. DOES THE AGREEMENT ADDRESS THE DESIGN AND OPERATION
11 OF THE INTERIM LOAD MANAGEMENT PROGRAMS?**

12 A. Yes. Under the Agreement, AEP Texas, CenterPoint Houston, and TNMP are
13 permitted to design and operate their respective Interim Load Management
14 Programs, as further described in the Agreement.

15 **Q. DOES THE AGREEMENT MODIFY CENTERPOINT HOUSTON'S
16 INTERIM LOAD MANAGEMENT PROGRAM THAT YOU HAVE
17 PREVIOUSLY DESCRIBED?**

18 A. Yes. The Agreement does modify CenterPoint Houston's Interim Load
19 Management Program that I have described in my testimony. Load curtailment that
20 results in negative environmental or health effects are excluded from the Interim
21 Load Management Program. The Agreement modifies this exclusion by inserting
22 the following language: "This restriction does not preclude the use of self-
23 generation that is in compliance with applicable environmental and health and

1 safety laws.” Additionally, the Agreement requires CenterPoint Houston to confer
2 and coordinate with Commission Staff and ERCOT regarding deployment and
3 operation of CenterPoint Houston’s Interim Load Management Program.

4 **Q. WHAT ARE OTHER TERMS OF THE AGREEMENT?**

5 A. Under the Agreement, AEP Texas, CenterPoint Houston, and TNMP may each
6 record a regulatory asset for the reasonable and necessary costs associated with the
7 design and operation of their respective Interim Load Management Programs

8 **Q. IS RECORDING A REGULATORY ASSET APPROPRIATE?**

9 A. Yes. S.B. 3, the law that permits the Interim Load Management Programs and load
10 management programs in general, also permits the recovery of reasonable and
11 necessary costs of load management programs. The recording of a regulatory asset
12 permits booking such costs until they are recovered in the future.

13 **Q. DID CENTERPOINT HOUSTON MAKE ANY COMMITMENTS IN THE**
14 **AGREEMENT?**

15 A. Yes. CenterPoint Houston committed to the following:

- 16 • Incremental costs associated with the design and operation of CenterPoint
17 Houston’s Interim Load Management Program that will be included in the
18 regulatory asset must not be costs that are recovered through other means;
- 19 • Any affiliate costs that will be included in the regulatory asset must comply
20 with the standards set statute and the Commission’s rules; and
- 21 • The determination of the reasonableness and necessity of the costs
22 associated with CenterPoint Houston’s Interim Load Management

1 Program, along with recovery of such costs, will be addressed in subsequent
2 proceedings, including CenterPoint Houston’s next base rate case.

3 **Q. IN YOUR OPINION, ARE THE AGREEMENT AND THE TERMS**
4 **CONTAINED IN THE AGREEMENT REASONABLE?**

5 A. Yes.

6 **Q. IN YOUR OPINION, WOULD COMMISSION APPROVAL OF THE**
7 **AGREEMENT PERMIT CENTERPOINT HOUSTON TO DESIGN AND**
8 **OPERATE ITS INTERIM LOAD MANAGEMENT PROGRAM IN**
9 **PREPARATION FOR THE UPCOMING WINTER SEASON?**

10 A. Yes.

11 **IV. RECOMMENDATION AND CONCLUSION**

12 **Q. WHAT IS YOUR RECOMMENDATION REGARDING THE**
13 **AGREEMENT?**

14 A. I recommend that the Commission:

- 15 • Approve the Agreement;
- 16 • Approve CenterPoint Houston’s Interim Load Management Program, as
17 described in the Agreement; and
- 18 • Approve CenterPoint Houston recording a regulatory asset for the
19 reasonable and necessary costs associated with CenterPoint Houston’s
20 Interim Load Management Program.

21 **Q. DOES THIS CONCLUDE YOUR TESTIMONY?**

22 A. Yes.

23

Exhibit SAR-1

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 for 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 Non-Residential 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-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. This restriction does not preclude the use of self-generation that is in compliance with applicable environmental and health and safety laws.
- 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.¹

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
- Curtailment method
- Description of load to be curtailed

¹ 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).

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.

CERTIFICATE OF SERVICE

I, Pandy Livingston, certify that a copy of this document was served on all parties of record in this proceeding, on November 9, 2021, by e-mail pursuant to the Order Suspending Rules -- PUC Docket No. 50664.

Pandy Livingston