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

DIRECT TESTIMONY OF STEFANI M. CASE

FOR

TEXAS-NEW MEXICO POWER COMPANY

NOVEMBER 9, 2021

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Educational Background and Business Experience

EXHIBIT SMC-2

Texas-New Mexico Power’s Interim Load Management Pilot Program

1 information contained in these exhibits is true and correct to the best of my
2 knowledge and belief.

3 **Q. PLEASE SUMMARIZE YOUR TESTIMONY.**

4 A. TNMP, along with AEP Texas Inc. (“AEP Texas”) and CenterPoint Energy
5 Houston Electric (“CenterPoint Houston”), have requested expedited Commission
6 approval to: (1) design and operate load management programs for nonresidential
7 customers during the period of December 1, 2021 through February 28, 2022 (the
8 “Interim Load Management Programs” and (2) record a regulatory asset for
9 reasonable and necessary costs associated with the design and operation of the
10 respective Interim Load Management Programs. Under TNMP’s proposed Interim
11 Load Management Pilot Program set forth in Exhibit SMC-2, incentives will be
12 provided to program participants to curtail electricity demand when the Electric
13 Reliability Council of Texas, Inc. (“ERCOT”) has declared a Level 2 Emergency
14 or higher or when ERCOT has otherwise directed TNMP to shed load. The
15 program period for TNMP’s Interim Load Management Pilot Program will be from
16 December 1, 2021 through February 28, 2022. Program participants must be able
17 to curtail load up to¹ twenty-four hours a day, seven days a week and must be
18 capable of curtailing load within 30 minutes notice. Program participants must
19 commit to up-to four curtailment events, plus one scheduled test, during the
20 Program operating period with any single event lasting from 1 to 4 hours.

¹ TNMP intends the Program to have a 24/7 operational period. However, in order to provide for the largest potential outreach network, not every participant may be able to subscribe for the entirety of the 24/7 period due to operations.

1 On November 9, 2021, AEP Texas, CenterPoint Houston, TNMP, and Commission
2 Staff entered into the Agreement, which addressed: (1) the design and operation of
3 the Interim Load Management Programs; (2) the recording of a regulatory asset for
4 reasonable and necessary costs associated with the design and operation of the
5 Interim Load Management Programs; and (3) certain cost issues. I believe the
6 Agreement is reasonable and enables TNMP to implement its Interim Load
7 Management Pilot Program. Thus, I recommend the Commission: (1) approve the
8 Agreement; (2) permit the design and operation of the respective Interim Load
9 Management Programs, as described in the Agreement; and (3) permit AEP Texas,
10 CenterPoint Houston, and TNMP to each record a regulatory asset for the
11 reasonable and necessary costs associated with the design and operation of their
12 respective Interim Load Management Programs.

13 **II. THE INTERIM LOAD MANAGEMENT PILOT PROGRAM**

14 **Q. WHAT IS THE PURPOSE OF TNMP'S INTERIM LOAD MANAGEMENT**
15 **PILOT PROGRAM?**

16 **A.** As set forth in Exhibit SMC-2, TNMP's intends for its Interim Load Management
17 Pilot Program is to achieve demand reduction when directed by ERCOT to shed
18 load during grid during grid emergencies or as otherwise directed. Additionally,
19 the Interim Load Management Pilot Program will permit TNMP to evaluate
20 Program processes, to improve program design, and optimize outreach to increase
21 participation to more efficiently conduct winter and/or 24/7 operations in a future
22 Standard Offer Program.

1 **Q. WHO IS ELIGIBLE TO PARTICIPATE IN TNMP'S INTERIM LOAD**
2 **MANAGEMENT PILOT PROGRAM?**

3 A. All TNMP individual nonresidential customers, as well as energy service
4 companies, and aggregation groups are eligible to participate. Each program
5 participant must subscribe a minimum of 100 kW of load reduction to be eligible
6 in the Program. Critical load and customers participating in other load management
7 programs, such as ERS are ineligible. Eligibility is determined at the ESI ID level.

8 **Q. ARE CERTAIN LOADS EXCLUDED FROM TNMP'S INTERIM LOAD**
9 **MANAGEMENT PILOT PROGRAM?**

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

15 **Q. WHAT SITES ARE ELIGIBLE TO PARTICIPATE IN TNMP'S INTERIM**
16 **LOAD MANAGEMENT PILOT PROGRAM?**

17 A. Program participants may enroll more than one project site in their applications for
18 TNMP's Interim Load Management Pilot Program. A project site is defined as one
19 or more metered locations having an estimated curtailable load. Program sites must
20 be served by an Interval Data Recorder (IDR) or AMS meter that is monitored by
21 TNMP.

1 **Q. HOW MUCH CURTAILABLE LOAD DOES TNMP SEEK TO ENROLL IN**
2 **ITS INTERIM LOAD MANAGEMENT PROGRAM?**

3 A. TNMP seeks to have 1.5 megawatts of curtailable load in its Interim Load
4 Management Pilot Program.

5 **Q. HOW WILL TNMP ENROLL PROGRAM PARTICIPANTS?**

6 A. TNMP will recruit potential participants through direct outreach to nonresidential
7 customers, energy service companies, and aggregation groups that can identify
8 curtailable load.

9 **Q. WHAT ARE THE REQUIREMENTS FOR THE PARTICIPANTS IN**
10 **TNMP'S INTERIM LOAD MANAGEMENT PILOT PROGRAM?**

11 A. Program participants with eligible curtailable loads approved by TNMP must meet
12 the following requirements:

- 13 • Program participants must be able to curtail load up-to twenty-four hours a
14 day, seven days a week and must be capable of curtailing load within 30
15 minutes' notice;
- 16 • Program participants must commit to making their curtailable load available
17 for the entire program period (December 1, 2021 through February 28,
18 2022); and
- 19 • Program participants must commit to up-to four curtailment events plus one
20 scheduled test during the Program operating period with any single event
21 lasting from 1 to 4 hours.

1 **Q. HOW WILL TNMP MEASURE AND VERIFY THE DEMAND SAVINGS?**

2 A. TNMP is completed by acquiring AMS meter data, uploading that data into the
3 third-party system, identifying and resolving incomplete data, and completing
4 calculations in accordance with the applicable Texas Technical Reference Manual.
5 Demand savings will be reported based on actual, verified curtailable load
6 reduction.

7 **Q. HOW ARE INCENTIVES STRUCTURED UNDER TNMP'S INTERIM
8 LOAD MANAGEMENT PILOT PROGRAM?**

9 A. At the end of the Program operating period, TNMP will analyze participant
10 response across all events. TNMP will calculate the incentive payment based on
11 the average of verified curtailed load across all events, not to exceed their
12 contracted demand reduction. TNMP will pay each Program participant an
13 incentive payment of \$40 per kilowatt of verified curtailed load, not to exceed the
14 contracted demand reduction. Performance will be measured and verified for each
15 curtailment event.

16 **Q. IS TNMP'S INTERIM LOAD MANAGEMENT PILOT PROGRAM BEING
17 OPERATED OUTSIDE OF TNMP'S COMMISSION-APPROVED
18 ENERGY EFFICIENCY PROGRAMS?**

19 A. Yes. TNMP, along with AEP Texas and CenterPoint Houston, have requested to
20 design and operate their respective Interim Load Management Programs outside of
21 their respective Commission-approved energy efficiency programs due to the
22 timing of S.B. 3, the law authorizing the Interim Load Management Programs and
23 load management programs in general. S.B. 3 was effective June 8, 2021.

1 TNMP's, AEP Texas', and CenterPoint Houston's respective energy efficiency
2 applications were filed before the June 8, 2021 effective date and therefore do not
3 address or include costs related to their respective Interim Load Management
4 Programs.

5 **III. THE AGREEMENT**

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

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

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

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

18 **Q. DOES THE AGREEMENT MODIFY TNMP'S INTERIM LOAD**
19 **MANAGEMENT PILOT PROGRAM THAT YOU DESCRIBED ABOVE?**

20 A. No. The Agreement does not modify Texas-New Mexico Power's Interim Load
21 Management Pilot Program that I have described in my testimony.

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

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

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

6 A. Yes. S.B. 3, authorizes the Interim Load Management Programs and load
7 management programs in general as well as the recovery of reasonable and
8 necessary costs of load management programs. The recording of a regulatory asset
9 permits booking such costs until they are recovered in the future.

10 **Q. DID TNMP MAKE ANY COMMITMENTS IN THE AGREEMENT?**

11 A. Yes. TNMP committed to the following:

- 12 • Incremental costs associated with the design and operation of TNMP's
13 Interim Load Management Pilot Program for nonresidential customers that
14 will be included in the regulatory asset must not include costs that are
15 currently recovered through other means;
- 16 • Any affiliate costs that will be included in the regulatory asset must comply
17 with the standards set statute and the Commission's rules; and
- 18 • Recovery of the costs associated with TNMP's Interim Load Management
19 Pilot Program, including the determination of the reasonableness and
20 necessity, will be addressed in subsequent proceedings, including TNMP's
21 base rate case or any proceeding designated or created by the Commission.

1 **Q. IN YOUR OPINION, IS THE AGREEMENT AND THE TERMS**
2 **CONTAINED IN THE AGREEMENT REASONABLE?**

3 A. Yes.

4 **Q. IN YOUR OPINION, WOULD COMMISSION APPROVAL OF THE**
5 **AGREEMENT PERMIT TNMP TO DESIGN AND OPERATE ITS**
6 **INTERIM LOAD MANAGEMENT PILOT PROGRAM IN PREPARATION**
7 **FOR THE UPCOMING WINTER SEASON?**

8 A. Yes.

9 **IV. RECOMMENDATION AND CONCLUSION**

10 **Q. WHAT IS YOUR RECOMMENDATION REGARDING THE**
11 **AGREEMENT?**

12 A. I recommend that the Commission:

- 13 • Approve the Agreement;
- 14 • Approve TNMP's Interim Load Management Pilot Program, as described
15 in the Agreement; and
- 16 • Approve TNMP to record a regulatory asset for the reasonable and
17 necessary costs associated with TNMP's Interim Load Management Pilot
18 Program.

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

20 A. Yes.

AFFIDAVIT

STATE OF TEXAS §
 §
COUNTY OF DENTON §

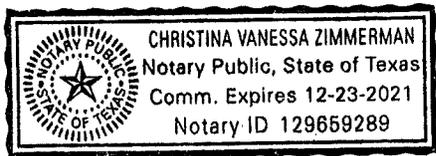
BEFORE ME, the undersigned authority, on this day personally appeared Stefani M. Case who, upon proving her identity to me and by me being duly sworn, deposes and states the following:

“My name is Stefani M. Case. I am of legal age, a resident of the State of Texas, and have never been convicted of a felony. I certify that the foregoing testimony and exhibit(s), offered by me on behalf of Texas-New Mexico Power Company, are true and correct and based upon my personal knowledge and experience.”

Stefani M. Case
Witness

SWORN TO AND SUBSCRIBED before me, Notary Public, on this 5th day of November, 2021, to certify which witness my hand and seal of office.

[Signature]
NOTARY PUBLIC in and for the
State of Texas



Printed Name: Christina Zimmerman
My Commission expires: 12/23/21

STEFANI M. CASE**EDUCATION BACKGROUND AND BUSINESS EXPERIENCE**

Stefani M. Case is the energy efficiency manager for Texas-New Mexico Power Company (TNMP). Ms. Case has been employed in the electric utility industry since 2009, when she accepted a position as a regulatory affairs research analyst with TNMP. In this capacity, she was responsible for providing support to the regulatory department and preparing compliance reports for energy efficiency.

In 2011, Ms. Case was promoted to energy efficiency project manager, and in 2015 accepted her current position as energy efficiency manager.

Ms. Case holds a bachelor's degree from Texas State University.

PROCEEDINGS IN WHICH STEFANI M. CASE HAS FILED TESTIMONY

<u>Jurisdiction</u>	<u>Docket No.</u>	<u>Description</u>
Texas	40348	APPLICATION OF TEXAS NEW MEXICO POWER COMPANY FOR APPROVAL OF AN ENERGY EFFICIENCY COST RECOVERY FACTOR
Texas	41496	APPLICATION OF TEXAS-NEW MEXICO POWER COMPANY FOR APPROVAL OF AN ENERGY EFFICIENCY COST RECOVERY FACTOR
Texas	42566	APPLICATION OF TEXAS-NEW MEXICO POWER COMPANY FOR APPROVAL OF AN ENERGY EFFICIENCY COST RECOVERY FACTOR
Texas	44778	APPLICATION OF TEXAS-NEW MEXICO POWER COMPANY TO ADJUST ITS ENERGY EFFICIENCY COST RECOVERY FACTOR
Texas	46002	APPLICATION OF TEXAS-NEW MEXICO POWER COMPANY FOR APPROVAL TO ADJUST ITS ENERGY EFFICIENCY COST RECOVERY FACTOR
Texas	47217	APPLICATION OF TEXAS-NEW MEXICO POWER COMPANY FOR APPROVAL TO ADJUST ITS ENERGY EFFICIENCY COST RECOVERY FACTOR
Texas	48404	APPLICATION OF TEXAS-NEW MEXICO POWER COMPANY FOR APPROVAL TO ADJUST ITS ENERGY EFFICIENCY COST RECOVERY FACTOR
Texas	49586	APPLICATION OF TEXAS-NEW MEXICO POWER COMPANY FOR APPROVAL TO ADJUST ITS ENERGY EFFICIENCY COST RECOVERY FACTOR
Texas	50894	APPLICATION OF TEXAS-NEW MEXICO POWER COMPANY FOR APPROVAL TO ADJUST ITS ENERGY EFFICIENCY COST RECOVERY FACTOR
Texas	52153	APPLICATION OF TEXAS-NEW MEXICO POWER COMPANY FOR APPROVAL TO ADJUST ITS ENERGY EFFICIENCY COST RECOVERY FACTOR

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 methodology approved by the Commission in the Texas Technical Reference Manual (TRM).¹ A scheduled test will be conducted to demonstrate that the participant is capable of curtailing load. The contracted demand reduction will be based on 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

¹ The current approved TRM can be found at *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).

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. Additionally, load curtailment that will result in negative environmental or health effects are ineligible. This restriction does not preclude the use of self-generation that is in compliance with applicable environmental and health and safety laws.

Measure

Participants must be capable of curtailing their contracted demand reduction 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 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 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 the average of verified curtailed load across all events. In the absence of events beyond the test event, the customer payment will be based on the verified curtailed load during the scheduled test. 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.

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.

CERTIFICATE OF SERVICE

I certify that a true and correct copy of the forgoing document was transmitted to the parties of record in accordance with the Order Suspending Rules issues in Project No. 50664 on May 21, 2021.

/s/ Scott Seamster

Scott Seamster