



Filing Receipt

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Garry D. Jones
Director
Energy Efficiency

November 29, 2021

Chairman Peter M. Lake
Commissioner Will McAdams
Commissioner Lori Cobos
Commissioner Jimmy Glotfelty
Public Utility Commission of Texas
1701 N. Congress Ave
Austin, TX 78711-3326

Re: Docket No. 52689 – Response of Oncor Electric Delivery Company LLC to Commissioners’ Questions from the November 18, 2021 Open Meeting

Dear Chairman and Commissioners:

During the November 18, 2021 Open Meeting, the Commissioners requested that the petitioners in Docket No. 52689 provide additional information about their winter load management (“WLM”) programs. Although Oncor is not a party in this proceeding, it is also proposing a WLM program. Thus, Oncor respectfully submits the following response.

The distinction between the \$/MW and \$/MWh is significant and can be confusing. Oncor proposes to pay an incentive of \$40/kW for the participants obligated load reduction. This equates to \$40,000 per MW. Based on ERCOT’s analysis, Oncor’s MWh equivalent pricing is approximately \$22 to \$28 per MWh, depending on the program start date. This amount is higher than the ERCOT ERS program payments based on historic ERS pricing during the winter program period. However, it should be noted that the load management programs designed to meet the energy efficiency program goals have always paid more than the ERCOT ERS program as it brings in customers who would not normally participate in load management programs. Additionally, Oncor’s WLM program provides load reduction resources for approximately 1,400 to 1,800 hours during the winter season, as compared to ERCOT ERS 250 to 1,100 hours of obligation.

Oncor will be implementing the program under the requirements of 16 Tex. Admin. Code (“TAC”) §25.181, the Energy Efficiency Rule. Programs implemented under this section are required to be cost-effective as outlined in 16 TAC §25.181(d):

Cost-effectiveness standard. An energy efficiency program is deemed to be cost-effective if the cost of the program to the utility is less than or equal to the benefits of the program. Utilities are encouraged to achieve demand reduction and energy savings through a portfolio of cost-effective programs that exceed each utility's energy efficiency goals while staying within the cost caps established in §25.182(d)(7) of this title.

Program benefits are calculated using the avoided costs of energy and capacity. Commission Staff determines the annual avoided cost of capacity using the methodology outlined in 16 TAC §25.181(d)(2) and publishes the cost to the Energy Efficiency Implementation Project (“EEIP”) No. 38578. The 2022 avoided cost of capacity is \$80/kW. Based on the approved 2022 avoided capacity cost, Oncor’s WLM program is cost-effective and meets the requirements of 16 TAC §25.181(d).

Although Oncor’s 2022 EECRF filing did not include the WLM program, Oncor will not request additional funding above the EECRF approved in Docket No. 52178. Instead, Oncor will reduce funding in administrative expenses and in other Commercial programs to pay for the WLM program. The total 2022 WLM budget is two million dollars. Final WLM program expenditures will depend on participation, but will not exceed the budget. Program cost recovery will be subject to review during Oncor’s 2023 EECRF proceeding. The WLM program will be added to the annual Energy Efficiency Plan and Report and EECRF budget request. The amount of funding required in future years will depend on the results of the 2021-22 WLM program size, incentive structure, and participation.

REPs may be project sponsors in the Oncor WLM program. Oncor has conducted outreach to REPs and provided WLM program information and instructions on how to enroll in the program. To date, no REPs are participating in the program, but Oncor will continue to work with REPs and encourage their participation in all of our energy efficiency and load management programs.

Oncor coordinates all load management programs with ERCOT through a Memorandum of Understanding (“MOU”). The MOU outlines the relationship between the two organizations, and specifies when Oncor will deploy load management resources. Currently the MOU requires deployment at an EEA level 2 emergency. Oncor will work with ERCOT to revise the MOU as directed by the PUC and ensure Oncor WLM resources contribute to ERCOT grid management activities.

Oncor believes that the WLM pilot program achieves the SB3’s intent of “allow[ing] a transmission and distribution utility to design and operate a load management program”, while simultaneously maintaining the consistency and regulatory oversight provided by the Energy Efficiency Rule. Oncor’s pilot program seeks to achieve up to 50 MW of load reduction during the winter season. Oncor believes that this goal is sufficient to

demonstrate the winter capabilities of the program at a reasonable cost to customers. On October 28, 2021, Oncor's program template was posted to the EEIP No. 38578 for public comment. Notice of Oncor's program template was sent to the EEIP ListServe on October 29, 2021, and comments were due November 11, 2021. No comments were received. To date, 38 participant sites have enrolled, for a total of 37.2 MW. Oncor will continue to recruit participants until program opening, or the program budget is reached. The program will be implemented under existing EECRF framework and Commission oversight, including cost caps, approved savings calculations, and evaluation, measurement and verification by the State Evaluator. Although the 2022 program design is established, Oncor will update the 2023 program design based on Commission rulings during the upcoming year.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Garry Jones". The signature is written in a cursive, flowing style.

Garry D. Jones
Director of Energy Efficiency--Oncor

cc: All Parties