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APPLICATION OF EL PASO	§	
ELECTRIC COMPANY FOR APPROVAL	§	
OF ITS TEXAS ELECTRIC VEHICLE-	§	STATE OFFICE OF
READY PILOT PROGRAMS AND	§	ADMINISTRATIVE HEARINGS
TARIFFS	§	

REBUTTAL TESTIMONY

OF

GEORGE NOVELA

FOR

EL PASO ELECTRIC COMPANY

MARCH 12, 2024

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I. Introduction and Qualifications

Q1. PLEASE STATE YOUR NAME, AND BUSINESS ADDRESS.

A. My name is George Novela. My business address is 100 North Stanton Street, El Paso, Texas 79901.

Q2. BY WHOM ARE YOU EMPLOYED?

A. I am employed by El Paso Electric Company ("EPE" or "Company").

Q3. WHAT IS YOUR CURRENT POSITION WITH EPE?

A. I am the Director of Economic and Rate Research.

Q4. ARE YOU THE SAME GEORGE NOVELA THAT PREVIOUSLY PROVIDED TESTIMONY IN THIS CASE?

A. Yes, I provided Direct Testimony on January 31, 2023.

II. Purpose of Rebuttal Testimony

Q5. WHAT IS THE PURPOSE OF YOUR REBUTTAL TESTIMONY?

A. The purpose of my rebuttal testimony is to address recommendations made by Commission Staff ("Staff") witness Adrian Narvaez and Office of Public Utility Counsel ("OPUC") witness Evan D. Evans regarding EPE's Application for Approval of its Texas Electric Vehicle ("EV")-Ready Pilot Programs and Tariffs. Company witnesses Angela Rodriguez and Manuel Carrasco will also address Mr. Narvaez's testimony as well as the recommendations of Mr. Evans.

Q6. DO YOU HAVE ANY GENERAL COMMENTS IN RESPONSE TO THE STAFF AND OPUC TESTIMONIES?

A. Yes. In January 2023, EPE proposed a suite of four limited pilot programs to address and gain information and operational experience with the growing amount of EV load and growing number of EV-owning customers in its service area. The proposed pilot programs were developed to be consistent with Texas law and Commission precedent in place at the time. In its application, EPE proposed reasonable limitations for its pilot programs to

1 protect customers and itself. For example, most of the pilot programs were proposed to last
2 for only two years and were limited in scope by the proposed budget and/or proposed
3 maximum number of participating customers.

4 In its 2023 regular session, the Texas Legislature adopted SB 1002, which enacted
5 Public Utility Regulatory Act ("PURA") Chapter 42 and provided guidance as to the
6 Legislative goals and permissible programs with regard to EVs in Texas. As detailed in the
7 Application Amendment and Response to Order Requesting Update filed by EPE on
8 September 22, 2023, (the Amendment), the Company believes its four proposed Texas EV-
9 Ready Pilot Programs are consistent with SB 1002. In particular, EPE believes the
10 proposed pilot programs are consistent with the goals reflected in SB 1002 and in several
11 instances are expressly envisioned by the legislation. For example, as indicated in the
12 Amendment, the proposed Take Charge TX Pilot Program is the type of charging-support
13 program expressly permitted under PURA § 42.0103(o), and the proposed PowerConnect
14 Pilot Program is the type of make-ready infrastructure support program expressly permitted
15 under PURA § 42.0103(d). Further, as detailed in my direct testimony and below, the pilot
16 programs will help provide EPE with vital information and experience with EV load and
17 customer behavior, and should be approved.

18 19 **III. Staff's and OPUC's Direct Testimony**

20 Q7. DO YOU AGREE WITH MR. NARVAEZ'S TESTIMONY (PAGE 8 LINES 12-19)
21 THAT EPE'S PROPOSED PILOT PROGRAMS ARE UNNECESSARY?

22 A. No. In my direct testimony in this case, I describe in detail the need for such pilot programs.
23 Doing nothing in response to the growing penetration of EV load on the system that EPE
24 is experiencing is not a reasonable response. In summary, the need for such pilot programs
25 is to help ensure that EV adoption in the future is integrated efficiently with EPE's
26 electrical grid. The information gathered from the proposed pilot programs will help in
27 evaluating customers' responsiveness to special rate options and advanced load control
28 programs, such as managed charging. Collecting this type of information will be vital to
29 better plan and help shift native system load in a manner that better utilizes EPE's
30 infrastructure and in turn helps reduce costs for its customers. The pilot programs are also
31 designed to provide EPE with necessary information to evaluate the possible need for

1 potential infrastructure upgrades from increased saturation of electric vehicles on its
2 distribution system.

3 Further, utilities are responsible for the operation of the electric grid. Early planning
4 is required to ensure the electric grid will be able to accommodate and support the increased
5 demand caused as customers shift towards electric vehicles. EPE needs to conduct early
6 planning and data collection to ensure the electric grid and system generation will be able
7 to accommodate increased demand due to customers' EV adoption.

8 The importance of using the proposed pilot programs data and results for future
9 planning for this load is further detailed in Section 4 and 5 of my direct testimony where I
10 share detailed EV forecasts for EPE's Texas service territory and describe EV loads'
11 potential impact on resource planning efforts.

12
13 **Q8. DOES EPE HAVE A MORE RECENT EV FORECAST?**

14 **A.** Yes. EPE develops and updates its long-term EV forecasts on annual basis, and the forecast
15 developed in 2023 continues to show growing EV load in EPE's service area.

16
17 **Q9. PLEASE DESCRIBE THE UPDATED EV FORECAST.**

18 **A.** EPE's updated 2023 EV forecast reflects a stronger EV growth rate compared to the 2022
19 EV forecast that was submitted in my direct testimony. For example, please see Figure 1,
20 below, that shows a comparison between EPE's 2022 and 2023 EV light duty forecasts.
21 The stronger growth in the updated forecast is attributed to the extension of EV tax credit
22 as a component of the Inflation Reduction Act and broader consumer interest in EV
23 purchasing.

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25 /

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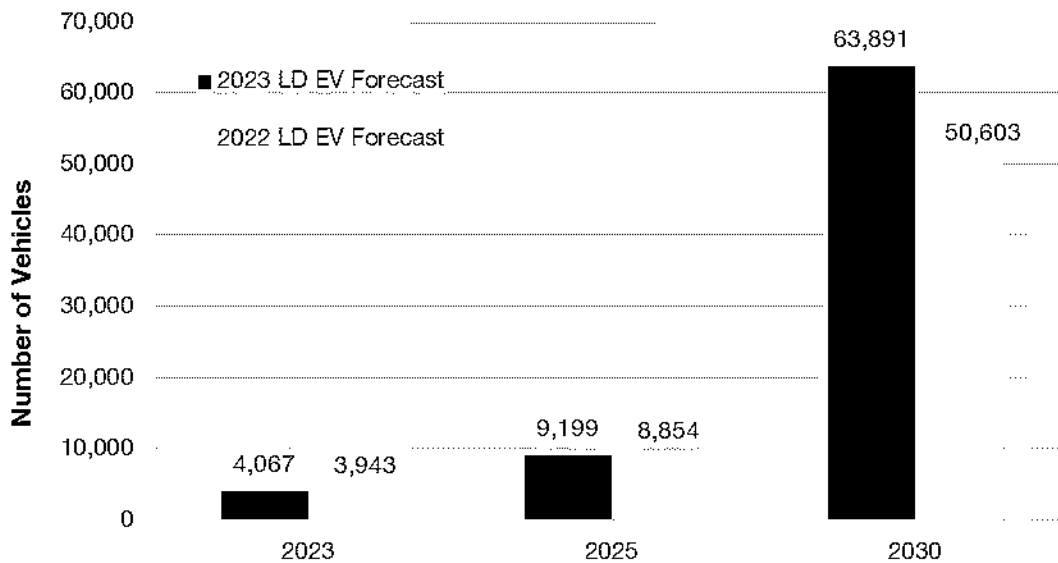
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Figure 1. Comparison of 2023 and 2022 Light-duty EV Forecast



Q10. WOULD THE USE OF AVAILABLE DATA AND INFORMATION FROM ANOTHER REGION OR UTILITY REGARDING OTHER UTILITIES' EXPERIENCE WITH GROWING EV LOAD BE SUFFICIENT FOR THE ELECTRIC SYSTEM PLANNING AND OPERATIONAL PURPOSES YOU DESCRIBE ABOVE?

A. No. Although EV data and information regarding operational experiences from other areas can have value, especially in the earlier stages of adoption, it is ideal to have region specific data for planning purposes. Different regions have different geographic, economic, and demographic makeups that will impact the EV results a pilot program can have. For example, average drive times will vary between cities, and different regions may have varying levels or concentrations of remote workers that may need to use their EV vehicles at much different levels. Additionally, different areas have different rates and pricing structures that can impact or incentivize usage profiles of EV's in a certain manner different than that of our service territory. Finally, utility specific data will help to evaluate the possible need for potential infrastructure upgrades from increased saturation of electric vehicles on its own distribution system.

Q11. OPUC WITNESS EVANS RAISES THE CONCERN THAT THERE MUST BE PROTECTIONS AGAINST COSTS ASSOCIATED WITH THE PILOT PROGRAMS

1 IMPACTING THE COSTS FOR SERVING NON-PARTICIPATING CUSTOMERS IN
2 A FUTURE BASE RATE CASE, AND HE RECOMMENDS ESTABLISHING NEW
3 CUSTOMER CLASSES (SEE PAGE 8, LINE 13, THROUGH PAGE 9, LINE 9). HOW
4 DO YOU RESPOND TO MR. EVANS' CONCERN?

5 A. Mr. Evans' concerns will be more properly addressed in a future rate proceeding. In that
6 proceeding, the Commission will determine, based on historical and empirical data,
7 whether the direct and associated indirect costs of the pilot programs are recoverable and,
8 if so, who are the beneficiaries that those costs should be recovered from. All three EPE
9 witnesses have identified that all customers will benefit if EV charging is managed and
10 incentivized to occur during the time of the day that EPE's power system is experiencing
11 the least amount of load.

12 Establishing new customer classes at this juncture is also premature because EPE's
13 intent in this filing is simply to seek approval of tariffs that allow for the piloting of the
14 proposed programs. As EV charging becomes more commonplace, and the Company
15 moves beyond pilot projects, Mr. Evans' (and Mr. Narvaez's) recommendation for a
16 separate class could become a strong consideration in a future base rate case. The premature
17 nature of this request also highlights that EPE would be forced to either use another
18 jurisdiction's EV data or sample data that may not be sufficiently significant to represent
19 all of the EVs in Texas since EPE doesn't yet have a robust set of these customers interval
20 metered.

21
22 Q12. STAFF WITNESS NARVAEZ ASSERTS EPE DOES NOT CLARIFY HOW IT PLANS
23 TO RECOVER THE COSTS OF THE EV SMART REWARDS AND POWER
24 CONNECT PROGRAMS (PAGE 11, LINES 9-12). PLEASE CLARIFY EPE'S
25 PROPOSAL FOR COST RECOVERY FOR EACH OF ITS FOUR PROPOSED EV-
26 READY PILOT PROGRAMS TO ADDRESS THESE CONCERNS AND SHOW HOW
27 EPE WILL ENSURE THAT THE PILOT PROGRAM COSTS ARE PROPERLY
28 ADDRESSED.

29 A. For the Take Charge Pilot Program, the costs of the projects initiated under the pilot
30 program are proposed to be recovered directly from participating customers to avoid any
31 financial impact to EPE's non-participating customers. EPE will charge participating

1 customers a monthly fixed fee to recover the full cost of the equipment and services
2 provided to the customer and avoid financial impact to EPE's non-participating customers.
3 Mr. Carrasco provided direct testimony regarding the development and applicability of the
4 monthly fixed fee.

5 For the Whole House EV (WHEV) Pilot Incentive Credit Rider, EPE does not
6 expect to incur any material amount of costs for the pilot program. This rider is simply an
7 incentive credit on the applicable customer's monthly electric bill. While EPE will
8 publicize the availability of the program, the Company does not expect that those efforts
9 will involve the expenditure of any material amount of incremental costs.

10 EPE is not seeking cost recovery for either the EV Smart Rewards or PowerConnect
11 pilot programs in this filing. EPE may address cost recovery in future rate proceedings.
12 EPE has identified proposed budgets for these pilot programs, but the actual costs that will
13 be incurred under these pilot programs will depend on participation. EPE understands that
14 recovery of these costs in a future proceeding will be subject to applicable ratemaking laws
15 and regulations in those future rate proceedings.

16 Further, EPE understands that tracking and accounting for the pilot program costs
17 is an important issue to ensure appropriate allocation of costs to customers. EPE will
18 maintain records for all costs incurred under the pilot programs using program-specific
19 workorder numbers and project codes to enable identification and proper accounting for
20 the costs actually incurred in connection with the pilot programs. Indirect and overhead
21 costs associated with the pilot programs will be addressed consistent with standard
22 ratemaking treatment and allocations for such costs. Tracking and allocating costs in this
23 manner is an important but ordinary course of business process for a regulated utility like
24 EPE and is, for example, consistent with how EPE tracked and allocated costs associated
25 with its Community Solar Pilot Program, approved initially by the Commission in Docket
26 No. 44800, to ensure that only participating customers were charged for the costs of that
27 program. EPE accordingly has experience in tracking and accounting for program costs to
28 ensure proper ratemaking treatment and will do so for the EV-ready pilot programs as well.
29

30 Q13. IN RECENT HISTORY, HAS THE COMMISSION AUTHORIZED EPE TO OFFER
31 RATE PROPOSALS TO INCENTIVIZE CERTAIN CONSUMPTION PATTERNS

1 FROM UNIQUELY SITUATED CUSTOMERS? IF SO, PLEASE LIST EXAMPLES OF
2 SUCH AND WHAT THE INTENT IS OF EACH.

3 A. Yes. Examples of rate options and riders that incentive certain consumption patterns in
4 some of EPE's currently effective tariffs schedules are: Off-Peak Water Heating Rider,
5 Experiment Off-Peak Rate Rider, and the Thermal Energy Storage Rider. Like the intent
6 of the proposed EV Smart Rewards and the WHEV Pilot Incentive Credit Rider pilot
7 programs, the intent of each of these is to incentivize energy consumption during the off-
8 peak hours.

9 **IV. Conclusion**

10 Q14. DOES THIS CONCLUDE YOUR DIRECT TESTIMONY?

11 A. Yes, it does.