



## **Filing Receipt**

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**SOAH DOCKET NO. 473-23-20742  
PUC DOCKET NO. 55094**

<b>APPLICATION OF AEP TEXAS</b>	<b>§</b>	<b>BEFORE THE STATE OFFICE</b>
<b>INC. TO ADJUST ITS ENERGY</b>	<b>§</b>	<b>OF</b>
<b>EFFICIENCY COST RECOVERY</b>	<b>§</b>	
<b>FACTOR AND RELATED RELIEF</b>	<b>§</b>	<b>ADMINISTRATIVE HEARINGS</b>

**AEP TEXAS INC.'S RESPONSE TO CITIES FIRST REQUEST FOR INFORMATION**

**JULY 5, 2023**

**TABLE OF CONTENTS**

<b><u>SECTION</u></b>	<b><u>FILE NAME</u></b>	<b><u>PAGE</u></b>
Response No. CITIES 1-1	55094 CITIES01 Pkg.pdf.....	2
Response No. CITIES 1-2	55094 CITIES01 Pkg.pdf.....	3
Response No. CITIES 1-3	55094 CITIES01 Pkg.pdf.....	4
Response No. CITIES 1-4	55094 CITIES01 Pkg.pdf.....	5
Response No. CITIES 1-5	55094 CITIES01 Pkg.pdf.....	6

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**AEP TEXAS INC.'S RESPONSE TO CITIES FIRST REQUEST FOR INFORMATION**

**Question No. CITIES 1-1:**

Refer to Schedule B. Please provide the actual 2022 incentive payments of \$15,079,133 broken down by the amount paid to customers and the amount paid to implementers for each program.

**Response No. CITIES 1-1:**

Please see Cities 1-1 HIGHLY SENSITIVE Attachment 1 for requested information.

Cities 1-1, HIGHLY SENSITIVE Attachment 1 responsive to this request is HIGHLY SENSITIVE PROTECTED MATERIAL under the terms of the Protective Order. Due to current restrictions associated with COVID-19, this information is being provided electronically and a secure login to access the information will be provided upon request to individuals who have signed the Protective Order Certification.

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**Question No. CITIES 1-2:**

Refer to Schedule S, Tables 5, 6, and 7. AEP's Commercial Foodservice Pilot MTP has an incentive budget of \$10,000 per kW in 2023 and \$6,829 per kW in 2024. Please explain the basis for these initial budget levels and explain the level of incentives that AEP considers is needed to make this a viable program.

**Response No. CITIES 1-2:**

The Commercial Food Service program is a new addition to AEP Texas's energy efficiency portfolio (2023 – 2025). As a pilot market transformation program (MTP), AEP Texas and its implementer worked together to set an initial total budget designed to allow for the necessary start-up costs and outreach efforts crucial to building a viable long-term program. The implementer projected rebate uptake and associated demand reduction (kW) would start out relatively small amounts and increase each year as the program matures. This means the average incentive dollar per kW is anticipated to decrease each year of the pilot which should ensure program viability at the projected budget levels. As designed, the program is projected to be cost-effective in the second program year.

Throughout the pilot program period, AEP Texas will monitor key performance metrics such as number of incentives fulfilled, value of incentives, quantity and type of equipment incentivized, and budget status. After this pilot period ends, AEP Texas will have the data and experience required to decide whether or not to add this program to its permanent portfolio of energy efficiency programs.

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**Question No. CITIES 1-3:**

Refer to Schedule S, Tables 5, 6, 7, 9, and 10. For the Commercial SMART Source Solar PV MTP, AEP proposes to double the amount spent on incentives per kW saved in 2023 and 2024 (\$1,068 per kW) compared to the actual expenditures in 2022 (\$531 per kW). Please explain the reasons for the proposed increase in incentives spent on this program.

**Response No. CITIES 1-3:**

AEP Texas is not proposing an increase in incentive rates for the Commercial SMART Source Solar PV MTP. The difference noted in question 1-3 is due to comparing projected savings and incentives in program year 2023 to actual savings and incentives in 2022 and is not reflective of incentive rate differences between the two years. The below table illustrates the difference between projected and average \$/kW values. As the table details, the projected incentive \$/kW for 2022 and 2023 are at the same relative level as reported in the EEPR filings for both years; it is projected the actual \$/kW for 2023 will be in line with the 2022 results. The difference between overall projected incentive \$/kW and actual incentive \$/kW is rooted in program planning assumptions, which are conservative estimates of what may be achieved assuming some level of uncertainty. AEP Texas believes that our 2023 projections are still an accurate representation of what we will achieve.

<b>Commercial SMART Source Solar PV MTP</b>	<b>EEPR Docket</b>	<b>Projected Incentives</b>	<b>Projected kW</b>	<b>Projected Incentive \$/kW</b>	<b>Actual Incentive \$/kW</b>
2022	52949	\$287,310	278	\$1,033	\$530
2023	54470	\$287,310	269	\$1,068	TBD

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**Question No. CITIES 1-4:**

Refer to Schedule S, pages 9 and 11. The Load Management SOP operates during curtailment events occurring during the period June 1 through September 30, while the Winter Load Management SOP operates during curtailment events occurring during the period December 1 through February 28. Please explain if AEP intends to claim any demand savings under these programs as additive, even though they cannot contribute demand savings at the same time.

**Response No. CITIES 1-4:**

The Load Management SOP and the Winter Load Management SOP are two different programs, therefore AEP Texas will be claiming demand savings for each program.

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**Question No. CITIES 1-5:**

Refer to Schedule S, page 25. Please provide a description and cost of the R&D projects being undertaken in 2023 and anticipated to be undertaken in 2024.

**Response No. CITIES 1-5:**

Please see Staff's 1-2 for information regarding this request.

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