

# **Filing Receipt**

Filing Date - 2025-03-31 01:23:13 PM

Control Number - 57579

Item Number - 128

## SOAH DOCKET NO. 473-25-11558 PUC DOCKET NO. 57579

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APPLICATION OF CENTERPOINT ENERGY HOUSTON ELECTRIC, LLC FOR APPROVAL OF ITS TRANSMISSION AND DISTRIBUTION SYSTEM RESILIENCY PLAN

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**BEFORE THE STATE OFFICE** 

OF

ADMINISTRATIVE HEARINGS

March 31, 2025

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## HUNT ENERGY NETWORK LLC REQUEST NO.: HEN-RFI02-01

## QUESTION:

Please identify which customer classes will be impacted by the proposed utility-scale Microgrid Pilot Program and describe how each will be impacted.

## ANSWER:

Residential, Commercial, and Industrial customers could all be energized by a utility-scale microgrid during an extreme weather event causing a possible load shed to be called by ERCOT.

#### SPONSOR: Eric Easton

#### HUNT ENERGY NETWORK LLC REQUEST NO.: HEN-RFI02-02

#### QUESTION:

In reference to the proposed Microgrid Pilot Program, please respond to the following:

- a. Please confirm CenterPoint will not own any generating resources associated with the contemplated microgrid(s).
- b. What facilities will CenterPoint own and operate associated with the contemplated microgrid(s)?
- c. What facilities will CenterPoint operate but not own associated with the contemplated microgrid (s)?
- d. What facilities will CenterPoint own but not operate associated with the contemplated microgrid (s)?
- e. Please explain how investments in generating capacity for the microgrid pilot projects will be compensated and from whom.
- f. Please describe in detail the costs expected to be incurred under contracts with microgrid operators or developers that would be passed on to ratepayers and how such costs would be passed on to ratepayers.
- g. Please explain whether customers will contribute to the capital and operating costs of the proposed pilot microgrid projects for the microgrid(s) from which they will benefit.

#### ANSWER:

- a. Confirmed that the Company will not own any generating resources.
- b. The Company will own and operate equipment that will aid in the creation and monitoring of the microgrid island. It will also own and operate equipment that can disconnect the generation from the island due to safety, power quality, or other events that negatively affect service to the Company's customers.
- c. The Company might direct the generator operator or set operational constraints on generating equipment to meet power quality needs or disconnect generators due to safety or other issues.
- d. There are no facilities that will be owned by the Company but will not be operated by the company that the Company is aware of at this time.
- e. The microgrid pilot projects will be compensated according to existing regulatory rules and ERCOT market structure. The pilot could also help identify any limitations with existing regulatory and market framework, and potential solutions to expand these rules and market structures to enable the use of microgrids.
- f. Due to this being a proposal for a microgrid pilot program, there are no firm plans for the microgrid or the costs expected to be incurred under contracts currently. We are awaiting approval from the Commission before we move forward with concrete plans.
- g. Due to this being a proposal for a microgrid pilot program, there are no firm plans for the microgrid currently. We are awaiting approval from the Commission before we move forward with concrete plans. However, as there is a potential benefit to the bulk electric system as well as the distribution system, the capital costs incurred, if this program receives approval from the PUCT, could receive favorable accounting treatment and be placed within the rate base.

SPONSOR: Eric Easton

## HUNT ENERGY NETWORK LLC REQUEST NO.: HEN-RFI02-03

## QUESTION:

Please provide all calculations and workpapers CenterPoint used to determine the Capital and O&M cost estimates for the Microgrid Pilot Program.

## ANSWER:

Please refer to TCUC RFI 01-01 for a response to this question.

#### SPONSOR: Eric Easton

### HUNT ENERGY NETWORK LLC REQUEST NO.: HEN-RFI02-04

#### QUESTION:

What is the statutory basis for the Microgrid Pilot Program?

#### ANSWER:

The Resiliency Statute enacted by the Texas Legislature authorizes utilities to file a plan to enhance the resiliency of the utility's transmission and distribution system through one or more resiliency methods authorized by the statute, including hardening and modernizing its electrical transmission and distribution facilities. The establishment of microgrids falls within both of those authorized resiliency methods.

However, as stated in the Company's System Resiliency Plan (SRP) at page 142 (PDF page 177), "the Company has not collected sufficient evidence on utility-scale microgrids to demonstrate the requirements of a Resiliency Measure to the Commission." Nevertheless, as explained in the Company's SRP at page 141 (PDF page 176), "the Company wants to provide the Commission with a wholistic picture of its resiliency efforts.... The Microgrid Program is a part of the Company's systematic approach to improve the resiliency of its system and become a model for other utilities to follow." For this reason, the Company has decided to present a proposed microgrid project as a "pilot program"—acknowledging that it does not meet the requirements of a Resiliency Measure, but offering the Commission an opportunity to consider it in the context of the Company's other resiliency plans and to provide guidance on whether the Commission considers such efforts reasonable.

As noted in the direct testimony of B. Tutunjian [(subsequently adopted and sponsored by E. Easton)] at page 7 (PDF page 791), "[t]he Company is therefore proposing the Microgrid Pilot Program so that the Company can obtain additional operational data and experience to inform both the Company and the Commission regarding the demonstrated benefits of utility scale microgrids as a Resiliency Measure, the further development and refinement of engineering and operational standards for utility scale microgrids, and potential future integration of utility scale microgrids in the Company's service area."

While the Company is unaware of any statutory provision expressly authorizing the inclusion of a "pilot program" in its SRP, it is also unaware of any statutory provision expressly prohibiting such inclusion. The direct testimony of Nathan Brownell explains the benefits of this approach at page 32 (PDF page 376). "Furthermore, one of the great benefits of the Resiliency Statute is that it gives the Public Utility Commission, as well as other stakeholders, better forward-looking visibility into what the utilities under the Commission's jurisdiction are doing to improve resiliency. That transparency and holistic approach puts the Commission in a better position to oversee and provide guidance to utilities as they work to enhance the resiliency of the Texas power grid."

The Company also notes that PURA Section 14.001 gives the Commission "the general power to regulate and supervise the business of each public utility within its jurisdiction and to do anything specifically designated or implied by this title that is necessary and convenient to the exercise of that power and jurisdiction."

## SPONSOR:

Eric Easton

## HUNT ENERGY NETWORK LLC REQUEST NO.: HEN-RFI02-05

#### QUESTION:

Please identify all other utility-scale microgrids of which CenterPoint is aware, on other utility systems, where the utility is working to partner with a generator.

## ANSWER:

Examples include:

California – Examples include the Redwood Coast Airport Microgrid, Shadow Mountain, Paskenta Band of Nomlaki Indians Microgrid, and the Borrego Springs Microgrid.

Illinois - An Example includes Bronzeville Community Microgrid

New England - Feasibility studies done on 14 Massachusetts community microgrids

SPONSOR: Eric Easton

## HUNT ENERGY NETWORK LLC REQUEST NO.: HEN-RFI02-06

## QUESTION:

Please explain the physical components of the utility-scale microgrid(s) as contemplated in the Microgrid Pilot Program and the licensing and registration requirements for each part of utility scale microgrid(s). Please provide all available documentation supporting your response.

### ANSWER:

Please refer to the REP-RFI01-01.

#### SPONSOR: Eric Easton

## HUNT ENERGY NETWORK LLC REQUEST NO.: HEN-RFI02-07

#### QUESTION:

How does CenterPoint intend to identify and prioritize geographic areas or groups of customers in its service territory where resiliency would be improved by microgrids?

## ANSWER:

Due to this being a proposal for a microgrid pilot program, there are no firm plans for the microgrid currently. We are awaiting approval from the Commission before we move forward with concrete plans. However, customers could benefit within certain load shed conditions where load could be removed from relay exempt circuits allowing other loads to remain connected impacting fewer customers with load shed outages.

## SPONSOR:

Eric Easton

## HUNT ENERGY NETWORK LLC REQUEST NO.: HEN-RFI02-08

#### QUESTION:

Please identify any other selection criteria not identified in response to HEN 2-7 that will be used to identify geographic areas or groups of customers for microgrid development?

#### ANSWER:

Due to this being a proposal for a microgrid pilot program, there are no firm plans for the microgrid currently and specific selection criteria have not been firmed. We are awaiting approval from the Commission before we move forward with concrete plans. The RFP process could identify the need for other criteria.

#### SPONSOR:

Eric Easton

## HUNT ENERGY NETWORK LLC REQUEST NO.: HEN-RFI02-09

#### QUESTION:

Will only those customers who will receive energy from utility-scale microgrids pay for the investment associated with the applicable microgrid?

## ANSWER:

Due to this being a proposal for a microgrid pilot program, there are no firm plans for the costs of the microgrid currently. We are awaiting approval from the Commission before we move forward with concrete plans. However, since the microgrid is intended to benefit the bulk electric system, the cost could be spread across all customers.

## SPONSOR:

Eric Easton

## HUNT ENERGY NETWORK LLC REQUEST NO.: HEN-RFI02-10

#### QUESTION:

In the proposed Microgrid Pilot Program, who will the customer of the generator associated with the microgrid be?

## ANSWER:

Due to this being a proposal for a microgrid pilot program, there are no firm plans for the microgrid currently. We are awaiting approval from the Commission before we move forward with concrete plans. One option could be for the generator operator to enroll within potential future ERCOT markets and, when called upon once islanded, could operate for the Company and provide energy to the island.

## SPONSOR:

Eric Easton

## HUNT ENERGY NETWORK LLC REQUEST NO.: HEN-RFI02-11

#### QUESTION:

In the proposed Microgrid Pilot Program, could CenterPoint be a customer of the microgrid?

## ANSWER:

Due to this being a proposal for a microgrid pilot program, there are no firm plans for the microgrid currently. We are awaiting approval from the Commission before we move forward with concrete plans. We would, however, look to specifically exclude the Company as a customer within a proposed microgrid.

## SPONSOR:

Eric Easton

## HUNT ENERGY NETWORK LLC REQUEST NO.: HEN-RFI02-12

#### QUESTION:

In the proposed Microgrid Pilot Program, could CenterPoint be a customer of the generator associated with the microgrid?

## ANSWER:

Due to this being a proposal for a microgrid pilot program, there are no firm plans for the microgrid currently. We are awaiting approval from the Commission before we move forward with concrete plans. We would, however, look to specifically exclude the Company's electric buildings as a customer of a proposed generator operator.

## SPONSOR:

Eric Easton

## HUNT ENERGY NETWORK LLC REQUEST NO.: HEN-RFI02-13

#### QUESTION:

In the proposed Microgrid Pilot Program, could retail customers be customers of the generator associated with the microgrid?

## ANSWER:

At this time CenterPoint Houston is proposing a pilot program for the very purpose of exploring what microgrids might look like and how they might operate. However, the Company fully expects that any future microgrid would be structured and would operate in such a way as to comply with then applicable law, including any applicable laws regarding the provision of retail service by power generators.

#### SPONSOR: Eric Easton

## HUNT ENERGY NETWORK LLC REQUEST NO.: HEN-RFI02-14

#### QUESTION:

In the proposed Microgrid Pilot Program, could retail customers be customers of the microgrid?

## ANSWER:

At this time CenterPoint Houston is proposing a pilot program for the very purpose of exploring what microgrids might look like and how they might operate. However, the Company fully expects that any future microgrid would be structured and would operate in such a way as to comply with then applicable law, including any applicable laws regarding the provision of retail service by microgrids.

## SPONSOR:

Eric Easton

## HUNT ENERGY NETWORK LLC REQUEST NO.: HEN-RFI02-15

#### QUESTION:

In the proposed Microgrid Pilot Program, will the CenterPoint distribution lines and equipment (used to transmit the energy generated by the microgrid generator) be located behind a single retail meter?

## ANSWER:

Lines located behind a single retail meter are customer owned and would not qualify as a utility scale microgrid. For a clear explanation of a utility-scale microgrid, please see the direct testimony of Brad Tutunjian beginning at page 3 of 11 (PDF page 787), line 13, through page 4 of 11 (PDF page 788), line 21, including the NREL report referenced and linked in footnote 1.

## SPONSOR:

Eric Easton

## HUNT ENERGY NETWORK LLC REQUEST NO.: HEN-RFI02-16

## QUESTION:

In the proposed Microgrid Pilot Program, how does CenterPoint anticipate the retail customers and their load-serving entities will be settled by ERCOT when the microgrid is in island mode?

## ANSWER:

Please reference REP-RFI01-14 for a response to this question.

#### SPONSOR: Eric Easton

## HUNT ENERGY NETWORK LLC REQUEST NO.: HEN-RFI02-17

#### QUESTION:

In the proposed Microgrid Pilot Program, what is the anticipated metering design of the microgrid? For example, will there be more than one retail meter associated with a microgrid?

#### ANSWER:

Due to this being a proposal for a microgrid pilot program, there are no firm plans for the microgrid currently. We are awaiting approval from the Commission before we move forward with concrete plans. It is anticipated to have several retail meters being fed from a microgrid generator operator able to support the island. Metering designs will not change, and consumption will still be captured by customer meters.

#### SPONSOR: Eric Easton

## HUNT ENERGY NETWORK LLC REQUEST NO.: HEN-RFI02-18

#### QUESTION:

Does the Microgrid Pilot Program allow for the microgrid operator to own and operate the distribution lines and equipment within the microgrid?

## ANSWER:

No. As described in the direct testimony of Brad Tutunjian beginning at page 3 of 11 (PDF page 787), line 13, through page 4 of 11 (PDF page 788), line 788, the utility scale microgrid is a microgrid containing utility owned wires, poles, and equipment with a generator owner operating the generation and supplying power to the microgrid.

## SPONSOR:

Eric Easton

## HUNT ENERGY NETWORK LLC REQUEST NO.: HEN-RFI02-19

#### QUESTION:

Refer to the Direct Testimony of Brad Tutunjian on page 4, lines 17-21 regarding CenterPoint's definition of a utility-scale microgrid. Is there a minimum or maximum size of the load on the utility-scale microgrid?

### ANSWER:

There is currently no minimum size of the load although this is intended to be a benefit for customers that could be a consideration in the RFP process. The maximum load could be defined within the RFP process detailing the generation proposed to support the island. There is also a maximum size to microgrid generation attached to a single point currently defined by PUCT articles 25.211 and 25.212 (given these generators could operate in parallel with the utility grid).

#### SPONSOR:

Eric Easton

## HUNT ENERGY NETWORK LLC REQUEST NO.: HEN-RFI02-20

## QUESTION:

What distinguishes the utility-scale microgrid described in the Direct Testimony of Brad Tutunjian on page 4, lines 17-21 from a utility distribution system with segmented feeders?

#### ANSWER:

There is a generator that, if an island is created, could provide energy to customers within the island. This island could also incorporate multiple circuits within an island.

#### SPONSOR: Eric Easton

## HUNT ENERGY NETWORK LLC REQUEST NO.: HEN-RFI02-21

## QUESTION:

Can an existing privately-owned microgrid (e.g., generator, distribution facilities, and load) participate in the Microgrid Pilot Program?

#### ANSWER:

No. If the wires and equipment are privately owned, this is not considered a utility scale microgrid and will not be considered as defined within the testimony provided by Brad Tutunjian.

#### SPONSOR: Eric Easton

## HUNT ENERGY NETWORK LLC REQUEST NO.: HEN-RFI02-22

## QUESTION:

Please explain how customers that are not within the microgrid(s) contemplated by the Microgrid Pilot Program will benefit from the existence of the microgrid(s) and provide all available documentation supporting your response.

## ANSWER:

Please refer to REP RFI 01-17.

#### SPONSOR: Eric Easton

## HUNT ENERGY NETWORK LLC REQUEST NO.: HEN-RFI02-23

## QUESTION:

What distinguishes a utility-scale microgrid eligible for participation in the proposed Microgrid Pilot Program from existing privately-owned microgrids on CenterPoint's system now?

#### ANSWER:

Privately owned microgrids only provide power to a single metered location. The proposed pilot program could island a group of metered customers and have generator(s) provide power to this group.

## SPONSOR:

Eric Easton

### HUNT ENERGY NETWORK LLC REQUEST NO.: HEN-RFI02-24

#### QUESTION:

Refer to the Direct Testimony of Brad Tutunjian on page 7, lines 12-14 regarding the Request for Proposal ("RFP") process for the Microgrid Pilot Program.

- a. What types of entities does CenterPoint anticipate will respond to the RFP?
- b. Is the RFP directed to generation owners?
- c. Will CenterPoint make RFP selections based upon the type of generation technology proposed?
- d. Will the requirements for participation in the Microgrid Pilot Program through the RFP process be subject to Commission review and approval?
- e. Please explain the "financial requirements" needed to qualify for the MicrogridPilot Program.
- f. Please explain the "technical requirements" needed to qualify for the MicrogridPilot Program.
- g. Please explain the "operational requirements" needed to qualify for the MicrogridPilot Program.

#### ANSWER:

Due to this being a proposal for a microgrid pilot program, there are no firm plans for the microgrid currently. We are awaiting approval from the Commission before we move forward with concrete plans.

- a. The Company anticipates interested parties with the qualifications detailed within the RFP will respond to the RFP.
- b. The intention of the RFP will be for any interested parties with the qualifications detailed within the RFP to respond whether they own generation or partner with generator operators.
- c. Presuming the proposed pilot program is approved by the Commission, the Company intends to make selections based on responses that include the qualifications and responses related to questions within the RFP and that provide benefits to customers.
- d. As this is still a proposal and the Commission has not yet evaluated it and provided guidance, this is an unknown currently.
- e. As this is still a proposal, this is an unknown currently.
- f. As this is still a proposal, this is an unknown currently.
- g. As this is still a proposal, this is an unknown currently.

SPONSOR: Eric Easton

## HUNT ENERGY NETWORK LLC REQUEST NO.: HEN-RFI02-25

#### QUESTION:

Refer to the Direct Testimony of Brad Tutunjian on page 10, lines 8-10. Please explain what type of vendors CenterPoint anticipates it will compensate as part of the Microgrid Pilot Program, and what such compensation would be in exchange for.

## ANSWER:

Due to this being a proposal for a microgrid pilot program, there are no firm plans for the microgrid currently. We are awaiting approval from the Commission before we move forward with concrete plans. The types of vendors who provide microgrid services and compensation is anticipated to be seen within RFP responses.

#### SPONSOR: Eric Easton

## HUNT ENERGY NETWORK LLC REQUEST NO.: HEN-RFI02-26

### QUESTION:

Refer to the Direct Testimony of Brad Tutunjian on page 11, lines 1-3.

- a. Please explain how "the Company may incur charges associated with the operation of these generators, such as fuel, by vendors providing microgrid services to the Company."
- b. What fuel does CenterPoint anticipate needing to operate generators associated with the microgrids?
- c. Why will CenterPoint pay for fuel expenses associated with the generation?
- d. What other charges does CenterPoint anticipate it would pay associated with deployment of the Microgrid Pilot Program?
- e. Will CenterPoint seek to recover these costs from its customers through rates?

## ANSWER:

Please refer to the direct testimony of Brad Tutunjian beginning at page 9 of 11 (PDF page 793), line 18 through page 11 of 11 (PDF page 795), line 3. The purpose of the proposed pilot program is to provide an opportunity to gather information on the appropriate structures and methods of operating utility scale microgrids, so further details are not available at this time.

## SPONSOR:

Eric Easton

## HUNT ENERGY NETWORK LLC REQUEST NO.: HEN-RFI02-27

#### QUESTION:

Regarding the technical and operational requirements of the Microgrid Pilot Program set forth in the Direct Testimony of Brad Tutunjian at pages 7-8, does CenterPoint anticipate:

- a. a configuration that would allow the microgrid owner (or generation owner ifdifferent) to sell energy to the ERCOT market (in accordance with ERCOTProtocols) when it is not in island mode? If not, why not?
- b. a configuration that would allow the microgrid owner (or generation owner ifdifferent) to provide energy to the microgrid participating retail customers when it is not in island mode? If not, why not?

#### ANSWER:

Due to this being a proposal for a microgrid pilot program, there are no firm plans for the microgrid currently. We are awaiting approval from the Commission before we move forward with concrete plans. The Company fully expects that any future microgrid would be structured and would operate in such a way as to comply with then applicable law, including any applicable laws regarding the the sale of power by generators to ERCOT or to retail customers.

- a. As this is still a proposal, this will need approval from the Commission. Please refer to HEN-RFI02-10 on the possible ERCOT market integration.
- b. As this is still a proposal, this will need approval from the Commission. The Company anticipates it could be possible for Retail Electric Providers to work with the generator operators and could be identified as a part of an RFP response.

#### SPONSOR: Eric Easton

### HUNT ENERGY NETWORK LLC REQUEST NO.: HEN-RFI02-28

#### QUESTION:

Will CenterPoint be responsible for deploying the microgrid(s) contemplated by the Microgrid Pilot Program? If so, what does deployment entail and under what circumstances will CenterPoint make the decision to deploy the microgrid?

## ANSWER:

Due to this being a proposal for a microgrid pilot program, there are no firm plans for the microgrid currently. We are awaiting approval from the Commission before we move forward with concrete plans. However, the current thought is for the Company to create an island and deploy the microgrid as needed, most notably when load shed is called upon.

There is currently no detailed deployment as this is still in the proposal state. The concept could be to verify the generation is not running when a need such as load shed is directed by ERCOT. The Company then islands the section(s) necessary and calls for the generation to turn on. Once stable and able to accept load, the Company could begin transferring load onto the generation.

#### SPONSOR: Eric Easton

## HUNT ENERGY NETWORK LLC REQUEST NO.: HEN-RFI02-29

## QUESTION:

To the extent the answer is different from CenterPoint's response to HEN 2-28, will CenterPoint determine when the microgrid(s) will be placed into island mode? If yes, how will CenterPoint make this determination?

## ANSWER:

See the response to HEN RFI02-28. Again, as an example, the Company could determine the need for the island if load shed is called for by ERCOT.

## SPONSOR:

Eric Easton

## HUNT ENERGY NETWORK LLC REQUEST NO.: HEN-RFI02-30

#### QUESTION:

If deployment and operation of the microgrid are different, will CenterPoint be responsible for operating the microgrid? If yes, please explain how CenterPoint plans to operate the microgrid(s).

## ANSWER:

The Company anticipates the deployment and operation of the microgrid could both be its responsibility. We could be responsible for calling for the deployment of the microgrid when load shed is called for by ERCOT and, since the Company has the responsibility of delivering quality power received by its customers currently, this could presumably fall within the Company's responsibility in a microgrid as well given the use of utility wires and equipment.

#### SPONSOR: Eric Easton

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## HUNT ENERGY NETWORK LLC REQUEST NO.: HEN-RFI02-31

## QUESTION:

Please produce all non-privileged communications with third parties (including potential customers, developers, vendors) regarding the Microgrid Pilot Program.

## ANSWER:

Please refer to the attached confidential file containing pdf copies of communications on proposed microgrid locations developers were discussing with the Company.

## SPONSOR:

Eric Easton

#### RESPONSIVE DOCUMENTS:

HEN-RFI02-31 Confidential SOAH Docket no 473 25 1158 PUC Docket No 57579 Comms.pdf

## **CERTIFICATE OF SERVICE**

I hereby certify that on March 31, 2025, notice of the filing of this document was provided to all parties of record via electronic mail in accordance with the Second Order Suspending Rules, filed in Project No. 50664.

<u>Jerence Glenn Russell</u> Terence Russell