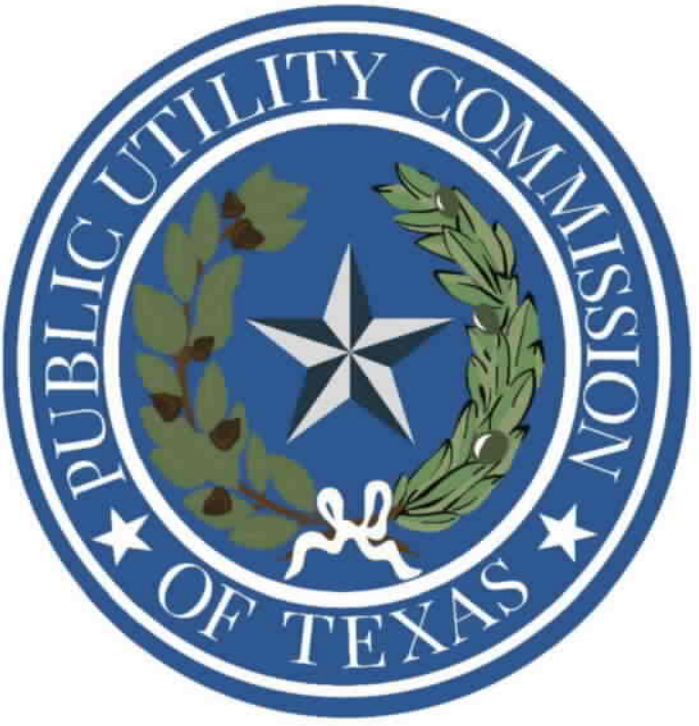

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SOAH DOCKET NO. 473-25-11558
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APPLICATION OF CENTERPOINT ENERGY HOUSTON ELECTRIC, LLC FOR APPROVAL OF ITS 2026-2028 TRANSMISSION AND DISTRIBUTION SYSTEM RESILIENCY PLAN	§ § § § §	**PUBLIC UTILITY COMMISSION OF TEXAS**

DIRECT TESTIMONY OF JOHN ELDER

Q: What is your full name and occupation?

A: John D. Elder III, President and CEO of Acclaim Energy.

Q: What is your company affiliation and role?

A: I am the CEO and Founder of Acclaim Energy, a 21-year-old, privately held company that delivers energy services to cities, school districts, and commercial and industrial clients across Texas and North America. In Texas alone, we support over 280 municipal utility districts (MUDs).

Q: What is your purpose for filing testimony and intervening in this proceeding?

A: I am testifying in support of the microgrid pilot project included as part of CenterPoint Energy Houston Electric's ("CEHE's") System Resiliency plan. Based on my long experience in this area I believe it will benefit CEHE ratepayers by adding significant resiliency benefits at a low cost to rate payers. Specifically, adoption of the pilot project will help mitigate power outages caused by extreme events such as Hurricane Beryl that disrupt critical services like water, wastewater, businesses, and public health and safety operations.

Q. Was your testimony prepared by you or under your direct supervision?

A: YES.

Q: CEHE witness Brad Tutunjian refers in his testimony to Utility Scale Microgrid (USM)? Can you explain this term?

A: A USM is a localized energy system that uses distributed or co-located generation assets to form an "island" within the distribution grid. It can operate independently during a grid outage to keep critical infrastructure—like water systems—powered. During normal conditions, it can also run in parallel with the grid to boost reliability and resilience.

Q: What makes a USM different from the typical utility grid and other distributed generation in ERCOT?

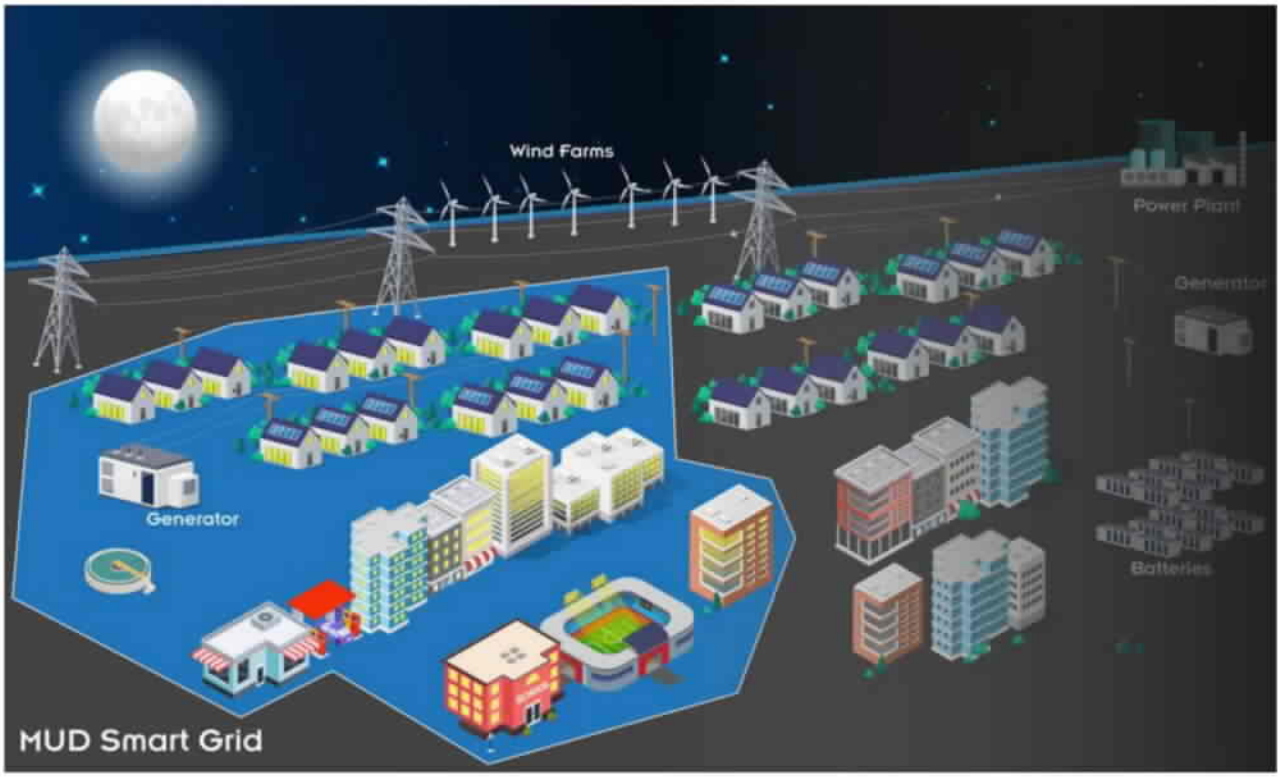
A: Unlike traditional distributed generation, a USM operates in front of the meter and injects power directly into the utility's distribution system—not just to serve a single facility. It's designed to energize a broader set of critical infrastructure and nearby customers. Because the generation is located close to the load, it's less vulnerable to transmission failures whether those are caused by extreme weather or another issue. A USM can reduce the need for system-wide load shedding and provide greater overall protection during emergencies.

Q: What is the difference between a behind-the-meter microgrid and a Utility-Scale Microgrid (USM)?

A: A behind-the-meter microgrid serves a single customer, delivering power within their internal distribution system and typically exporting through one meter. In contrast, a Utility-Scale Microgrid exports power directly into the utility's distribution network and can island and support multiple delivery points—often owned by different entities, across a broader area, i.e. homes, retail businesses, police, fire departments, hospital, water facilities, etc.

Q: Why do you believe this will be a cost-effective way to provide reliability and resiliency to CEHE's distribution system?

A: As explained by Mr. Tutunjian, CEHE has structured the microgrid pilot such that ratepayers fund only the portion of the generator used during a declared emergency—rather than covering the full cost of leasing, delivering, maintaining, and operating a mobile generator. This approach lowers costs for ratepayers while improving overall system performance during critical events.



Q: What type of upgrades are necessary to the distribution grid to enable a USM?

A: Enabling a USM requires the installation of intelligent switching devices to define the microgrid's boundaries, along with telemetry and control systems to manage operations. These upgrades must integrate seamlessly with the TDUs' existing technology platform, ensuring visibility and control for all stakeholders involved in operating the system.

Q: Why is it important to engage multidisciplinary teams to standardize communication and design for USMs?

A: USMs don't rely on new technology, they repurpose proven solutions in a new way for Texas' deregulated market. To scale USMs effectively, we need collaboration across disciplines to define new use cases, establish standards, develop secure processes, and create integrated data platforms. Success depends on a coordinated approach that ensures safety, transparency, and compatibility with existing ERCOT rules and utility operations. CEHE''s pilot project will provide crucial information allowing for such coordination as USM projects expand across ERCOT.

Q: Why should the Commission consider enabling USMs in the ERCOT market?

A: In regulated markets, microgrids have already proven their value in enhancing grid resilience. Adopting USMs in ERCOT's competitive environment offers a fast, scalable solution to strengthen resiliency, reliability and operational flexibility of the grid amid increasing threats. USMs can significantly reduce the economic and human costs of outages—as demonstrated during Winter Storm Uri—by keeping critical infrastructure online and reducing system-wide disruption.

Q: Do customers support the USM solution?

A: In my experience, yes. Over the past three years, Acclaim has actively educated city leaders and MUDs about the benefits of USMs. The response has been overwhelmingly positive—from elected officials, consultants, and homeowners alike. These stakeholders are not only responsible for delivering essential services like water but also for complying with SB3 (2021). USMs offer them a practical path to enhance resilience and meet legal obligations. The estimated peak load represented by MUDs in the CenterPoint service area alone exceeds 10,000 MW, underscoring the scale of interest and potential impact. **Appendix A** contains letters from a range of stakeholders that support the rapid deployment of USMs.

Q: Who would own and operate the generation assets of a USM?

A: Under the CEHE microgrid pilot program the generator installation and development of the USM will be privately financed, owned and operated by a third party, which will help reduce the costs to the ratepayer.

Q: What role will CEHE play in the development and ongoing operations for a USM under the pilot program?

A: CEHE will engineer how the USM will integrate into their system. CEHE will design and enable the ability to 'island' the USM service area from the greater grid. In addition, CEHE will ensure they know exactly what is always happening in their service territory with each USM. They need to be able to enable the generation for use during a significant power outage, which includes:

- Loss of electric power to a significant number of distribution customers
- Governor has issued a disaster or emergency declaration
- Loss of power that creates a risk to public health or safety
- Loss of power affects critical infrastructure
- Load shed event

The TDU rate recovery—e.g., costs associated with the lease—should be commensurate to the benefits received from using the generation during a significant power outage.

Q: Can generation from a USM participate in the ERCOT market?

A: Yes, the generation can participate in the ERCOT market, except when it is being used by ERCOT or relied on by CEHE to mitigate outages caused during a significant power outage as described in Utilities Code Section 39.918.

Q: How can USMs benefit the overall ERCOT market?

A: When not being leveraged by a TDU during a significant power outage, these stationary assets can be operated and maintained for use to support the broader grid. USMs can help ERCOT balance power on the grid. For instance, renewable energy sources are intermittent by nature. These stationary assets provide fast, responsive support to help balance that variability, which is essential as more renewables come online. USMs act as a stabilizing force, ensuring the grid remains reliable as we transition to cleaner energy.

Q: How do USMs differ from the services that batteries provide to the grid?

A: Batteries are excellent for short-term frequency regulation and fast response, but current technology limits their ability to provide sustained power during longer outages. USMs complement batteries by offering longer-duration reliability, helping solve different—but equally critical—grid challenges.

Q: What other benefits can USMs provide to the ERCOT market?

A: When not being used during significant power outages, USM generation can participate in the ERCOT market—providing ancillary services, enhancing grid reliability, and supporting overall energy supply. This flexibility strengthens ERCOT's ability to manage demand and maintain system stability under both normal and extreme conditions. Moreover, the frequent use and maintenance of these assets during none-emergencies ensures their readiness for extreme conditions.

Q: Please explain further the benefits USMs can provide to ECHE ratepayers.

A: USMs create resilient "islands" within the distribution grid that help insulate key segments during outages—acting as "lighthouses" to keep critical services online. Key benefits include:

- **Reduced load shed risk:** By lowering the TDU's overall load, USMs decrease the likelihood and scope of forced outages affecting customers.
- **More efficient restoration:** Outages are easier to manage, allowing utilities to allocate resources where they're needed most.
- **Cost-effectiveness:** USMs are more economical than leased mobile generators and more impactful than single-site behind-the-meter solutions.
- **Enhanced public benefit:** Serving critical facilities like water and healthcare infrastructure delivers value well beyond traditional outage mitigation.
- **Faster response:** USMs can energize essential services faster than mobile generators that require transport and setup.
- **Scalability:** With defined standards and best practices, USMs can be rapidly deployed across a TDU's service area.
- **Lower customer costs:** By minimizing downtime and restoration expenses, USMs reduce long-term costs to end-users.

Q: Are there any final thoughts you'd like to share as you close your testimony?

A: Yes. As someone committed to educating stakeholders across Texas on practical, market-based solutions to our grid challenges, I respectfully offer this for consideration:

Texas faces growing threats to grid reliability—intermittent renewables, limited capacity, and increasingly frequent natural disasters, like Hurricane Beryl, which struck Houston and nearby communities. The traditional response has been to focus on large-scale generation. While important, that's not enough.

USMs offer a smarter, more flexible approach and are a key factor in solving multiple problems with a single, scalable solution—improving resilience, enhancing reliability, and doing so quickly and cost-effectively.

What's truly unique is that this solution aligns with existing Texas law governing MUDs, TDSPs, and the deregulated market. It's a rare moment of policy, technology, and market readiness all pointing in the same direction. USMs have a built-in community of adopters and can scale fast—if we act.

With the ability to run 200–300 hours per year commercially, USM units are routinely tested under real load conditions—identifying and addressing issues proactively. That reliability helps safeguard critical systems like water infrastructure, while also strengthening the grid's emergency response capabilities. And because USMs are sited near the point of consumption, they minimize transmission risk and restore power faster when it matters most.

In closing, USMs are not just cost-effective, they provide clean, secure, and urgently needed. USMs represent a real safeguard for our critical infrastructure and a bold step toward a more resilient Texas. For all of these reasons I fully support CEHE's proposed microgrid pilot program and look forward to participation in the process of expanding usage of this important resource for resiliency and reliability.

Q: Do you take a position on any other aspects of CEHE's System Resiliency Plan?

A. No.

Q: Does this conclude your direct testimony?

A. Yes.

The Utility Scale Microgrid will help to take our grid from Good to Great!

Thank you for your time and consideration.

Appendix A

Voices of the Customers:

Houston Nursing Home CEO

I am Marsha Cayton, CEO, at Seven Acres Senior Care Services. For 83 years, Seven Acres has served the Texas Gulf Coast as a mission driven, not for profit, senior living community that offers comprehensive long-term care and rehab. Protecting the lives of our seniors is a responsibility that we take very seriously as the residents do not travel well in their medical condition at this stage of their lives. Power outages cause tremendous health stress for our seniors and our staff that are taking care of them. Legislation that supports strengthening our electrical grid without burdening taxpayers and that solving water reliability issues during significant power outages to ensure compliance with SB 3 is greatly supported by us and our community at large.

Houston Developer

We respectfully urge the Commission to recognize USMs as eligible resiliency assets under HB 2555 and support their emergency use per HB 1500. In particular, we request approval of CenterPoint Energy's resiliency plan and its proposed USM pilot—an essential step in strengthening reliability in one of Texas's most vital load centers.

While microgrids trace back to Thomas Edison's first power plant at the Manhattan Pearl Street station, built in 1882, more recent technological advances bring tremendous efficiencies demonstrating its value in pilot projects here in Texas. Now is the time to identify a scalable, cost-effective solution that will modernize our energy infrastructure, protect lives and property, and meet the goals of 87th SB 3. -L. Lee Wong General Manager, Park Eight Place

Houston MUD Attorneys

As you know, our law firm represents a number of Municipal Utility Districts and has been active in the industry for the past 22 years. Approximately 95% of our MUD clients are governed by elected local residents who are keenly aware of the need for reliable electricity to service their MUDs. They are quite interested in Acclaim's "micro-grid" reliability proposal and the Texas Public Utility Commission's recent action to proceed with a pilot

project. As this pilot project plays out and more information becomes available, I think that you will have very strong support from the MUD industry which is continuing to grow.
-John R. Wallace. Bacon, Wallace & Philbin, LLP

As Texas prepares to address the challenge of bolstering the reliability of its electric grid, especially in light of recent extreme weather events and their impact on the grid, the addition of localized microgrid energy generation is an important option that should be thoroughly considered at the State level with the insights and perspectives of local governmental entities, particularly municipal utility districts.
-Dimitri Millas | Partner. Norton Rose Fulbright US LLP

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

APPLICATION OF CENTERPOINT ENERGY HOUSTON ELECTRIC, LLC FOR APPROVAL OF ITS 2026-2028 TRANSMISSION AND DISTRIBUTION SYSTEM RESILIENCY PLAN	§ § § § §	**PUBLIC UTILITY COMMISSION OF TEXAS**

AFFIDAVIT OF JOHN ELDER

THE STATE OF TEXAS §

COUNTY OF HARRIS §

"My name is John Elder. I am over 18 years of age. I am of sound mind and am capable of making this affidavit. The Cross-Rebuttal Testimony in the above-captioned matter was prepared by me or under my supervision and control. The Cross-Rebuttable Testimony is a true and accurate representation of what the testimony would be if the testimony were to be given orally at the time the written testimony is offered into evidence."

EXECUTED this 8th day of April 2025.

_____
John Elder

SUBSCRIBED TO AND SWORN TO BEFORE ME, the undersigned authority, by John Elder on this the 8th day of April 2025 to certify which witness my hand and seal.

_____
Notary Public, State of Texas

68B LLC
1707 Post Oak Blvd. Ste 200, Houston, TX 77056

April 7, 2025

Mr. Thomas J. Gleeson
Chair Public Utility Commission of Texas
P.O. Box 13326
Austin, TX 78711

Re: PUC Docket 57579 (CenterPoint Resiliency Plan)

Dear Chair Gleeson and Members of the Commission:

Texas continues to attract businesses and residents thanks to its strong mix of human capital, natural resources, and pro-growth policies. However, the state's energy infrastructure has not kept pace with rising demand driven by population growth, industrial expansion, and aging infrastructure. To address this, Texas must embrace innovative, cost-effective, and quickly deployable energy solutions—chief among them being Utility-Scale Microgrids (USMs).

USMs are localized power systems that support the ERCOT grid during peak stress and provide backup power during outages. They prioritize critical services like water facilities, emergency centers, and hospitals, ensuring essential operations continue when Texans need it the most.

One benefit of USMs is that they are primarily privately financed, thus reducing the burden on ratepayers. Additionally, unlike emergency-only solutions, USMs are built to operate continuously, ensuring they remain well-maintained and ready to be immediately placed into service during crisis situations. Finally, USMs can be deployed faster than large-scale infrastructure upgrades, offering near-term improvements to the energy reliability while long-term projects slowly come online.

The 2023 88th Texas Legislature's HB 1500 and HB 2555 provided clear pathways for USM deployment, aligning with the 2021 87th Legislature's Senate Bill 3's call to safeguard essential water infrastructure during emergencies.

We respectfully urge the Commission to recognize USMs as eligible resiliency assets under HB 2555 and support their emergency use per HB 1500. In particular, we request approval of CenterPoint Energy's resiliency plan and its proposed USM pilot—an essential step in strengthening reliability in one of Texas's most vital load centers.

While microgrids trace back to Thomas Edison's first power plant at the Manhattan Pearl Street station, built in 1882, more recent technological advances bring tremendous efficiencies demonstrating its value in pilot projects here in Texas. Now is the time to identify a scalable, cost-effective solution that will modernize our energy infrastructure, protect lives and property, and meet the goals of 87th SB 3.

Let us act now to ensure Texas remains secure, resilient, and a global leader in energy.

Sincerely,

L. Lee Wong
General Manager, Park Eight Place

SEVEN ACRES
JEWISH SENIOR CARE SERVICES
SINCE 1943
Honor and Nurture, Together

Pauline Sterne Wolff Campus
Jean and Jerry Moore Center for Jewish Living
The Medallion Jewish Assisted Living Residence

April 8, 2025

Thomas J. Gleeson, Chair Public Utility Commission of Texas
P.O. Box 13326
Austin, Texas 78711

RE: PUC Docket 57579 (CenterPoint Resiliency Plan)

Dear Chairman Gleeson and Members of the Commission,

I am Marsha Cayton, CEO, at Seven Acres Senior Care Services. For 83 years, Seven Acres has served the Texas Gulf Coast as a mission driven, not for profit, senior living community that offers comprehensive long-term care and rehabilitation. Protecting the lives of our seniors is a responsibility that we take very seriously as the residents do not travel well in their medical condition at this stage of their lives. Power outages cause tremendous health stress for our seniors and our staff that are taking care of them. Legislation that supports strengthening our electrical grid without burdening taxpayers and that will solve our water reliability issues during significant power outages to ensure compliance with SB 3 is greatly supported by us and our community at large.

I want to thank Senator King for his vision in crafting SB 231 and the multiple opportunities it creates to improve resiliency and reliability. Our goal is to ensure that what has become known as the Utility Scale Microgrid is not inadvertently eliminated during the modifications of the bill that has made Utility Scale Microgrids possible.

The Utility Scale Microgrid provides:

- Protection for critical water facilities and other critical infrastructure.
- Quick implementation within 12-16 months.
- Leverages both public and private partnerships which reduces the burden on ratepayers.

- Uses utility owned infrastructure to provide reliability for entire communities.
- Provides frequency support for the grid when no emergencies exist

The Utility Scale Microgrid can serve a city or a complete Municipal Utility District, it is designed to serve areas that will need more than 10MW of generation, the generators are stationery and permanent. This configuration provides resiliency to help prevent grid failure and reliability in the event of a power outage. During normal times the generator provides power and frequency control for the grid. The ability to provide grid services generates the return for investors who provide the capital for the generation. Currently, more than 30 MUDs that make up more than 60K homes and over 225K residents, have signed Letters of Intent seeking installation of the Utility Scale Microgrid. In addition, the City of Houston has also issued an RFP envisioning their use.

We look forward to working through this process to protect the Utility Scale Microgrid option. A Microgrid that serves Seven Acres, as well as the City of Houston Water plant located next to us will serve our city well. We serve as a shelter in place facility and have sheltered others during past storms.

This is not just an energy issue—it is an economic and public safety imperative.

Please let me know if I can address any questions

Thank you.

Marsha Cayton

Marsha Cayton
Chief Executive Officer
Seven Acres Jewish Senior Care Services

April 7, 2025

Thomas J. Gleeson, Chair Public Utility Commission of Texas
P.O. Box 13326
Austin, Texas 78711

RE: PUC Docket 57579 (CenterPoint Resiliency Plan)

Subject: Stakeholder Support for Utility-Scale Microgrids and Approval of CenterPoint Energy's Resiliency Plan

Dear Chairman Gleeson and Members of the Commission,

Houston has long been recognized as The Energy Capital of the World, but to maintain that status, we must modernize our grid as quickly as possible. When you consider the increasing number of weather-related outages, combined with rapid population growth, rising industrial demand, and aging infrastructure, it is imperative we innovate, deploying cost-effective, and rapidly deployable solutions to protect our future.

The 88th Texas Legislature created a clear pathway for action through HB 1500 and HB 2555, enabling Utility-Scale Microgrids (USMs)a proven, private-sector-driven solution that also supports Senate Bill 3's requirement for continuous operation of critical infrastructure. USMs are localized power systems that provide backup power to essential services such as water facilities, medical centers, and emergency response infrastructure, while also supporting ERCOT's grid during peak stress periods. Unlike other large-scale projects, they can be implemented faster, maintained regularly, and operated beyond emergency events.

Importantly, USMs are largely privately financed, with minimal costs to ratepayers—and limited operational costs during declared emergencies. These systems offer a smart, low-cost path to strengthen resilience, reliability, and community safety.

We urge the Public Utility Commission to:

- Formally recognize Utility-Scale Microgrids as eligible resiliency tools under HB 2555;
- Support their use during grid emergencies in alignment with HB 1500; and
- Approve CenterPoint Energy's Resiliency Plan, including its proposed Utility-Scale Microgrid pilot—an essential step to protect its population and future.

Microgrids have proven their effectiveness over decades and are already being piloted in Texas. Now is the time to trail and scale as appropriate. Let us act to ensure Texas remains secure, competitive, and resilient.

Sincerely,

Harry Masterson
Managing Principal

KIDS' MEALS

Because no child should go hungry. Ever.

April 8, 2025

Dear Chair and Members of the Committee:

Imagine a future where no child goes hungry. Ever. Sadly, this is not the current reality in Greater Houston. There are currently an estimated 100,000 children ages 5 and under in our communities who are not sure from where their next meal will come. This is where Kids' Meals steps in. Since 2006, Kids' Meals has been a lifeline for Houston's youngest and most vulnerable, delivering over 17 million free, healthy meals directly to the doorsteps of hungry children in 56 zip codes across Harris and Montgomery Counties. In addition to delivering free, healthy meals to the doorsteps of Greater Houston's hungriest preschool-aged children, we also collaborate with partners to provide families with resources that help end the cycle of poverty.

I am proud to be the Chief Executive Officer of Kids' Meals, which stands alone as the only program of its kind nationwide. What started with just two delivery vans has blossomed into a fleet of 23, delivering not only essential nutrition but also vital connections to resources. Each weekday, we deliver over 9,000 free, healthy meals to Houston's hungriest preschool-aged children. This commitment expands during school breaks, reaching every child up to age 18 in these households – a staggering 16,000+ meals distributed daily. Preschool-aged children are often overlooked by traditional food assistance programs. Kids' Meals fills this critical gap, addressing the urgent hunger and food insecurity of children ages 5 and under – a crucial developmental period where consistent nutrition is paramount and school-based meal programs are inaccessible.

The Utility Scale Microgrid could positively impact our ability to serve our families and communities during natural disasters. While Kids' Meals diligently prepares for predicted storms to minimize food loss, the reality remains that power outages can halt our vital daily deliveries to over 9,000 preschool children who depend on these meals. For these vulnerable families, already facing the daily burden of food insecurity, natural disasters amplify their struggles. The loss of our deliveries means not only missed crucial nutrition for their young children but also potential job loss, lack of clean water, and home damage – further isolating them and hindering their ability to access essential resources like grocery stores. The benefits that the Utility Scale Microgrid provides could help prevent additional struggles for vulnerable families.

Best,

Beth Braniff Harp

Beth Braniff Harp
Chief Executive Officer

2024 BEST PLACES TO WORK BPLW Kids' Meals Inc.

BBB