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Filed Date - 2025-05-08 03:02:18 PM

Control Number - 58049

Item Number - 2

FINAL REPORT

Public Utility Commission of Texas

CENTERPOINT MANAGEMENT AUDIT

May 8, 2025

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MOSSADAMS

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I. EXECUTIVE SUMMARY

A. BACKGROUND, SCOPE, AND METHODOLOGY

The Public Utility Commission of Texas (PUCT) engaged Moss Adams LLP (Moss Adams) to perform a management audit of CenterPoint Energy, LLC (CenterPoint, the Utility, the organization), related to its management activities associated with the lease and operation of mobile generation units (MGUs). PUCT requested this review following CenterPoint's response to Hurricane Beryl in July 2024. Specific inquiry focused on CenterPoint's decision not to deploy a number of leased high-voltage MGUs during restoration efforts wherein a large portion of customers were without power for up to seven days. The specific objectives of this audit were to:

- Review CenterPoint's policies and procedures relating to transactions with third parties for goods and services, including applicable conflict of interest policies.
- Analyze CenterPoint's procurement practices generally, including an analysis of implementation these practices with respect to MGU leasing.
- Review CenterPoint's analysis of and planning for customers' need for mobile generation during emergency conditions, including an appraisal of mobile generation facility characteristics (e.g., size, mobility, and operability including, without limitation, staffing and maintenance) given distribution-level customer needs within CenterPoint's service area.
- Evaluate CenterPoint's planning for mobile generation facility operability in various weather scenarios where mobile generation is likely to be deployed.

Moss Adams performed this engagement between January and March 2025. During fieldwork, we conducted document analysis, management and staff interviews, site visits, and industry best practice research. Based on the information gained during fieldwork, we identified areas of improvement related to the audit objectives.

B. SUMMARY OF FINDINGS AND RECOMMENDATIONS

Our findings and recommendations are summarized below, grouped into two areas: (1) Procurement, and (2) Emergency Management. Findings and recommendations are detailed in further depth in Section III.

FINDINGS AND RECOMMENDATIONS		
Procurement		
1.	**Finding**	CenterPoint did not complete formal vendor risk assessments for its MGU-related procurements as required in its policies, which can inadvertently result in the organization entering into agreements with vendors that pose unacceptable risks.
	Recommendation	A. Ensure that vendor risk assessments are completed for all procurements, as required by the procurement policy. B. Ensure that all procurement-related documents are accurately recorded, retained, and available for review.

FINDINGS AND RECOMMENDATIONS		
2.	**Finding**	CenterPoint did not adequately consider potential conflicts of interest in its procurement of large MGUs due to a lack of comprehensive procedures, which raised concerns about fair competition and undermined stakeholder confidence in the procurement process.
	Recommendation	Implement a more detailed framework for identifying, assessing, and managing conflicts of interest.
Emergency Management		
3.	**Finding**	While CenterPoint had an Emergency Operations Plan (EOP) in place in March 2024, it does not maintain formal Corrective Action Programs (CAPs) with clear program ownership for its trainings and exercises, which is important to track the mitigation of identified issues outlined in after-action reports following training exercises and emergency events.
	Recommendation	CenterPoint should establish a formal CAP for each after-action report generated following training exercises and real emergencies.
4.	**Finding**	While CenterPoint's MGU procurements considered analysis of mobile generation needs and MGU operability in emergencies, its leasing agreements for MGUs lack details regarding required maintenance services and their frequency. In addition, the organization does not effectively oversee the maintenance performed by its vendors, resulting in insufficient monitoring and documentation that could lead to increased financial, physical, and reputational risks associated with inadequately maintained equipment.
	Recommendation	A. Enhance leasing agreements with MGU vendors by incorporating specific maintenance requirements that clearly outline expectations, including service frequency and detailed reporting elements, to ensure accountability and alignment with operational needs. B. Implement a comprehensive monitoring strategy for vendor maintenance activities that includes regular audits and inspections, establishment of key performance indicators (KPIs), and routine reviews of maintenance reports to improve oversight and ensure proper upkeep of leased MGUs.
5.	**Finding**	CenterPoint's limited communication to customers about the use of MGUs during Hurricane Beryl caused confusion in the community regarding their deployment, resulting in frustration and criticism from the public.
	Recommendation	A. To effectively manage public expectations, develop a comprehensive communication strategy that clearly outlines the operational limitations and deployment criteria for MGUs of various sizes. B. Ensure the continued functionality of the Outage Tracker app during high-demand situations to provide timely updates on restoration efforts.

FINDINGS AND RECOMMENDATIONS
C. Continue conducting after-action reviews that assess communication effectiveness during emergencies and incorporate lessons learned into future communication strategies.

II. INTRODUCTION

A. BACKGROUND

CenterPoint provides electric transmission and distribution services to Houston-area commercial and residential customers. In May 2021, Texas House Bill No. 2483 (HB 2483) amended the Texas Utilities Code to allow transmission and distribution utilities (like CenterPoint) to lease and operate facilities that provide temporary emergency electric energy to help restore power during widespread power outages. Beginning in 2021 following the passage of HB 2483, CenterPoint entered into multiple contracts to lease 33 MGUs ranging from 200 kilowatt (kW) units to 30 megawatt (mW) units, as well as other supporting equipment.

CenterPoint entered into agreements with two vendors for the lease of MGUs. This included a short-term lease with Prime Power Solutions, LLC dba Life Cycle Power (LCP) from September to December 2021, which enabled CenterPoint to obtain eight MGUs to prepare for the hurricane season occurring at the time. CenterPoint then entered a long-term $731 million cumulative prepaid lease with LCP for 15 30-mW large MGUs and five 5-mW medium MGUs from December 31, 2021 to June 30, 2029. CenterPoint also contracted with Energy Rental Solutions, LLC (ERS) for the lease of small MGUs on a month-to-month basis starting in September 2023. CenterPoint currently leases 13 small MGUs from ERS, with output ranging from 200 kW to 1,000 mW, for approximately $277,000 per month. In all agreements, vendors are responsible for maintaining leased equipment.

B. SCOPE AND OBJECTIVES

PUCT engaged Moss Adams to perform a management audit of CenterPoint related to its management activities associated with the lease and operation of MGUs. PUCT requested this review following CenterPoint's response after Hurricane Beryl in July 2024 and CenterPoint's decision not to deploy the large generators leased from LCP during restoration efforts.

Our audit objectives were to:

- Review CenterPoint's policies and procedures relating to transactions with third parties for goods and services, including applicable conflict of interest policies.
- Analyze CenterPoint's procurement practices generally, including an analysis of implementation these practices with respect to MGU leasing.
- Review CenterPoint's analysis of and planning for customers' need for mobile generation during emergency conditions, including an appraisal of mobile generation facility characteristics (e.g., size, mobility, and operability including, without limitation, staffing and maintenance) given distribution-level customer needs within CenterPoint's service area.
- Evaluate CenterPoint's planning for mobile generation facility operability in various weather scenarios where mobile generation is likely to be deployed.

C. METHODOLOGY

We performed the following procedures to obtain an understanding of CenterPoint's procurement activities, emergency planning, customer needs analysis, policies and procedures, and overall management activities associated with the lease and operation of MGUs:

- **Site Visit:** We visited the CenterPoint Houston campus and toured the mobile generation facilities.
- **Interviews:** While on site, we conducted interviews with CenterPoint staff, including leadership and management in the organization's Emergency Preparedness and Response, Supply Chain, and Grid Transformation & Investment Strategy departments. We also interviewed the Vice President of Electric Regulatory Relations & Policy.
- **Document Review:** We reviewed multiple documents, including but not limited to:
  - Organizational charts
  - Procurement policies and leasing documents
  - Emergency Operations Plans (EOPs)
  - Performance measurement procedures
  - Internal and external communication
  - System information
  - Generator use case and customer needs assessments
  - Maintenance logs
- **Industry Best Practice Research:** We conducted industry best practice research to help inform our recommendations for improving CenterPoint's Procurement and Emergency Management functions.

We worked with CenterPoint personnel and leadership to obtain the most currently available information and insights related to the audit objectives. This audit was conducted between January and March 2025.

III. FINDINGS AND RECOMMENDATIONS

A. PROCUREMENT

Vendor Risk Assessments

1.	**Finding**	CenterPoint did not complete formal vendor risk assessments for its MGU-related procurements as required in its policies, which can inadvertently result in the organization entering into agreements with vendors that pose unacceptable risks.
	Recommendation	A. Ensure that vendor risk assessments are completed for all procurements, as required by the procurement policy. B. Ensure that all procurement-related documents are accurately recorded, retained, and available for review.

CenterPoint has a comprehensive procurement policy that generally aligns with best practices and has been effective since 2021. The policy emphasizes the roles and responsibilities of CenterPoint employees and procurement specialists in the procurement process, including how Requests for Proposals (RFPs) should be issued, how bids should be assessed, and the importance of recordkeeping. The policy also describes expectations, such as when procurements must be conducted by the organization's Procurement function, the documents required to be retained, and how the organization reduces risk by working in partnership with subject matter experts to complete risk assessments for each vendor under contractual consideration.

The procurement policy is supported by a variety of guidance documents and tools that help Procurement staff complete the various decision-making elements of the process. Key resources include the Purchasing Operations Manual which offers detailed instruction on various procurement processes, and the Authorization Policy which specifies the approval levels required for different types of purchases.

While CenterPoint's procurement policy generally aligns with best practices, our review of the procurements for short- and long-term MGU leases found that CenterPoint did not adequately follow its own practices, as some required documents were missing. For both MGU-related procurements, CenterPoint's Procurement Team identified prospective vendors and announced the RFPs to multiple companies, following policy and best practice. Both procurements resulted in numerous bids and documentation showed that CenterPoint engaged in discussions and negotiation to secure the best rates. However, both short- and long-term procurement documentation lacked Vendor Risk Assessment (VRA) and Procurement Risk Assessment (PRA) forms, which are required by CenterPoint's policy in order to evaluate various risk factors related to vendors and procurement transactions (e.g., legal, insurance, data privacy, audit, cybersecurity, physical security, and financial stability risks). It should be noted that for one vendor, emails between Procurement Team members referred to a financial fitness review that was conducted, but no documentation was provided for other risk areas. Overall, while some risks may have been evaluated for one or both procurements, we could not verify that a formal or comprehensive risk assessment was completed because supporting documentation was not available.

According to CenterPoint, while risks were assessed for the MGU procurements, neither a PRA nor a VRA form were completed because the procurement process was still maturing in 2021 when the procurements took place. During that time, CenterPoint did not conduct formal risk assessments on every new vendor. The absence of documentation related to these critical assessments means that CenterPoint may not have fully evaluated the legal, financial, and operational risks posed by the vendors, potentially leading to unforeseen complications in the future. Without thorough documentation and risk evaluations, CenterPoint risks entering into agreements that could compromise operational integrity, financial stability, compliance with regulatory requirements, and ultimately, its ability to respond effectively during emergencies.

CenterPoint should prioritize completion of VRA and PRA forms for all procurement activities, as required in its policy. While we did not see evidence that the absence of these forms compromised CenterPoint's operations related to MGUs during Hurricane Beryl, these assessments are critical for evaluating the various risks associated with vendors, including legal, financial, operational, and cybersecurity risks. By ensuring that VRA and PRA forms are completed for each vendor, CenterPoint can systematically identify potential vulnerabilities and make informed decisions that protect it from unforeseen complications. This proactive approach not only aligns with best practices but also enhances the organization's ability to mitigate risks that could compromise operational integrity and financial stability.

In addition to completing the necessary risk assessments, CenterPoint should ensure that all procurement-related documents are accurately recorded and readily available for review. Proper documentation is essential for demonstrating compliance with internal policies and transparency in the procurement process. Maintaining comprehensive records, including VRA and PRA forms, will allow CenterPoint to verify that thorough risk evaluations were conducted and decisions were made based on a complete understanding of the associated risks. This not only fosters accountability within the Procurement Team but strengthens the organization's overall governance framework. By prioritizing the completion of risk assessments and maintenance of documentation, CenterPoint can enhance its procurement practices, safeguard against potential risks, and support a more resilient operational framework.

Conflict of Interest

2.	**Finding**	CenterPoint did not adequately consider potential conflicts of interest in its procurement of large MGUs due to a lack of comprehensive procedures, which raised concerns about fair competition and undermined stakeholder confidence in the procurement process.
	Recommendation	Implement a more detailed framework for identifying, assessing, and managing conflicts of interest.

CenterPoint fell under scrutiny for alleged improper management of conflicts of interest during its procurement process to secure large MGUs, as it was reported in the press that a potential conflict of interest existed between the CenterPoint CEO at the time and the head of business development at

LCP..[1] The general public and other stakeholders questioned whether the procurement of large generation units adequately ensured fair competition given the relationship between the two parties.

CenterPoint has a variety of conflict-of-interest codes, including one for employees; one for the CEO and Senior Financial Officers; and one for consultants, contractors, vendors, and suppliers. These codes broadly stress the importance of independence and integrity. CenterPoint's procurement policy states that employees should avoid situations where a conflict of interest or the appearance of a conflict of interest could arise. Additionally, the VRA and PRA processes mentioned in Finding 1 include a requirement to determine whether any conflicts of interest exist between vendors and members of the Purchasing Department or executive management.

Despite the existence of codes of conduct that instruct CenterPoint employees and vendors to avoid conflicts of interest, and procurement protocol that should have included a review of conflict of interest, CenterPoint management and staff involved in the procurement process were not asked about actual or perceived conflicts of interest during the 2021 bid review process for the lease of MGUs, highlighting a gap in oversight. Additionally, as noted in Finding 1, a formal VRA that would have included conflict of interest considerations was not conducted at the time the MGU vendors were under consideration. While Moss Adams was not able to verify the veracity of the reported conflict of interest, we also cannot attest to evidence demonstrating that the potential conflict of interest was considered at the time. In interviews, staff reported that they were not asked about potential conflicts of interest during the procurements and the potential conflict of interest was not known during the procurements. The absence of evidence demonstrating that conflict of interest was actively considered during the MGU procurement process suggests a lack of due diligence that ultimately undermined stakeholder confidence in CenterPoint's procurement process for MGUs.

CenterPoint's conflict of interest procedures are not comprehensive. Existing codes do not provide clear definitions of conflicts of interest or define processes for employees to evaluate or report a potential conflict of interest. In addition, as noted in Finding 1, CenterPoint has not completed the required risk assessments, which contributes to these challenges. These factors can lead to a public perception of conflicted interest in the procurement process and create doubts in the public eye about whether CenterPoint is a good steward of public trust as one of the community's main purveyors of electricity.

To address the gaps in this area, CenterPoint should implement a detailed framework for identifying, assessing, and managing conflicts of interest. This framework should include clear definitions of what counts as a conflict of interest and established protocols for employees to follow in disclosing any potential conflicts to management. Typically, a comprehensive conflict of interest protocol includes at least:

- **Definitions and Scope:** Clear definitions of what constitutes a conflict of interest, including both actual and perceived conflicts, and a clear scope for the policy that covers all employees, board members, and contractors.
- **Disclosure Procedures:** A formal process for employees to disclose potential conflicts of interest, including timelines for disclosure, the method of submission (e.g., online form, written statement), and the individuals or committees responsible for receiving disclosures.

[1] https://www.texasmonthly.com/news-politics/centerpoint-generators-life-cycle-power/

- **Assessment Criteria:** Criteria for assessing the significance and potential impact of disclosed conflicts, whether they are actual or perceived, including factors such as the nature of the conflict, parties involved, and potential consequences for an organization.
- **Management and Mitigation Strategies:** Strategies for managing and mitigating identified conflicts of interest, which may include recusal from decision-making processes, divestiture of conflicting interests, or other appropriate actions to minimize risk.
- **Training and Awareness:** Implementation of regular training programs for employees and management to raise awareness of conflicts of interest, the importance of disclosure, and the procedures in place to address conflicts of interest.
- **Monitoring and Enforcement:** Established mechanisms for monitoring compliance with the conflict of interest policy, including periodic reviews of disclosures and assessments as well as procedures for enforcing the policy and addressing violations.
- **Reporting and Documentation:** Requirements for thorough documentation of all disclosures, assessments, and actions taken to manage conflicts of interest, ensuring that records are maintained for accountability and transparency.
- **Review and Revision Process:** A process for regularly reviewing and updating the conflict of interest framework to ensure it remains effective and aligned with best practices and regulatory requirements.

By enhancing its conflict of interest procedures, CenterPoint can mitigate the risk of perceived conflicts of interest in its procurement processes, thereby reinforcing public confidence in its operations. Setting up a robust system to manage conflicts of interest will not only protect the integrity of the procurement process but also demonstrate CenterPoint's commitment to transparency and accountability as a trusted provider of electricity in the community. This proactive approach will also help safeguard against future scrutiny and support a culture of ethical decision-making within the organization.

B. EMERGENCY MANAGEMENT

Corrective Action Plans

3.	**Finding**	While CenterPoint had an Emergency Operations Plan (EOP) in place in March 2024, it does not maintain formal Corrective Action Programs (CAPs) with clear program ownership for its trainings and exercises, which is important to track the mitigation of identified issues outlined in after-action reports following training exercises and emergency events.
	Recommendation	CenterPoint should establish a formal CAP for each after-action report generated following training exercises and real emergencies.

CenterPoint's 2024 Texas Electric EOP was in effect during Hurricane Beryl in late June and early July 2024. The EOP includes an overview of the organization's emergency response structure, roles and responsibilities of key personnel, communication protocols, and procedures for assessing and responding to various types of emergencies. The EOP also includes annexes that address key events such as hurricanes, wildfires, and cybersecurity events. Each annex explains key elements relevant

to each event such as the concept of operation, decision-making guidelines, necessary activations, communication protocols, and after-event coordination.

We compared CenterPoint's emergency management processes to select best practices from the American Public Power Association (APPA) and found CenterPoint was aligned with most of the practices, but only partially aligned with the training-related best practice (an overview of this analysis is provided in Appendix A). While CenterPoint runs annual emergency exercises, after-action reviews, and other relevant trainings, the organization does not maintain formal CAPs with clear program ownership for its trainings and exercises. A CAP is essential for tracking the mitigation of identified issues outlined in an after-action report following a training exercise. Without formal CAPs, CenterPoint may struggle to ensure that lessons learned are effectively addressed, leading to unresolved deficiencies that could hinder future emergency response efforts. A structured CAP provides accountability by designating individuals or teams to oversee the implementation of corrective actions, ensuring that improvements are made in a timely manner. This process not only enhances an organization's preparedness and response capabilities but also fosters a culture of continuous improvement, ultimately contributing to greater resilience in real emergency situations.

This is particularly relevant to this audit because CenterPoint identified areas of improvement related to MGUs in its 2022 annual training exercise. After Winter Storm Uri (February 2021) and Hurricane Nicholas (September 2021), CenterPoint conducted a hurricane drill in June 2022, which was documented in an after-action report. This report highlighted the use of mobile generation within its scenario injection list, prompting employees to consider the necessary related actions and communications during emergencies. The drill identified 41 areas for improvement across 14 operational categories, including planning and emergency operations, with two specific areas focusing on improving the prioritization process for MGUs and enhancing training on the broader use of MGU deployment. Despite MGUs being identified in 2022 as having some areas for improvement, it is unclear whether all relevant corrective actions were implemented given that CenterPoint does not effectively track after-action activities in a CAP. Staff reported corrective actions are tracked on a whiteboard, but that they are working on creating a more formal process for ensuring such actions are implemented and tracked effectively.

CenterPoint should establish a formal CAP for each after-action report generated following training exercises and real emergencies. A well-structured CAP should include several key components: a clear definition of roles and responsibilities for program ownership, a systematic process for documenting identified issues, timelines for implementing corrective actions, and mechanisms for monitoring progress. Establishment of a CAP for each after-action report will provide CenterPoint with the accountability and oversight necessary to confirm that lessons learned are addressed from previous events. By assigning dedicated personnel or teams to oversee implementation of these corrective actions, CenterPoint can ensure timely follow-up and foster a culture of continuous improvement. This proactive approach will not only strengthen the organization's emergency response capabilities but also build resilience, ultimately enabling CenterPoint to respond more effectively to future emergencies and safeguard the communities it serves.

Maintenance Oversight and Vendor Accountability

4.	**Finding**	While CenterPoint's MGU procurements considered analysis of mobile generation needs and MGU operability in emergencies, its leasing agreements for MGUs lack details regarding required maintenance services and their frequency. In addition, the organization does not effectively oversee the maintenance performed by its vendors, resulting in insufficient monitoring and documentation that could lead to increased financial, physical, and reputational risks associated with inadequately maintained equipment.
	Recommendation	A. Enhance leasing agreements with MGU vendors by incorporating specific maintenance requirements that clearly outline expectations, including service frequency and detailed reporting elements, to ensure accountability and alignment with operational needs. B. Implement a comprehensive monitoring strategy for vendor maintenance activities that includes regular audits and inspections, establishment of key performance indicators (KPIs), and routine reviews of maintenance reports to improve oversight and ensure proper upkeep of leased MGUs.

CenterPoint's analysis of mobile generation needs during emergency conditions included an analysis of and planning for customer needs. It also included an appraisal of facility characteristics (including size, mobility, operability, staffing, and maintenance) for mobile generation during emergencies. However, CenterPoint's lease terms regarding MGU service and maintenance are inadequate; they do not include specifications about the maintenance services required for each generator type/size, and do not require vendors to retain documentation of their service and maintenance activities. Additionally, CenterPoint does not provide adequate oversight to ensure proper maintenance of its leased MGUs.

Overall Planning for MGUs

Leased MGUs are one of many tools that CenterPoint may utilize in an emergency weather event. CenterPoint leased MGUs to respond to emergency electrical events that pose a risk to public safety and are expected to last longer than eight hours. CenterPoint has documented practices and tools to assist staff in planning and deploying its MGUs in an emergency event. CenterPoint also developed a detailed matrix that includes a list of locations throughout its 12-county jurisdiction where MGUs can be deployed under the right conditions. These locations have been researched and vetted by the Grid Transformation & Investment Strategy Department as locations where generator deployment would be possible/advantageous because of their ability to accommodate a generator safely and provide and/or maintain needed services for customers and the community. Locations include cooling centers, hospitals, schools, nursing facilities, and grocery stores.

While CenterPoint recognizes that a number of weather scenarios could impact operations and fall into an emergency category, it operates under an "all-hazards" plan intended to address any emergency scenario that may arise and impact its operations. In an "all-hazards" plan, the Utility approaches all emergency events in the same way in systematically assessing and making decisions. This is a common emergency management approach.

CenterPoint also maintains use case documents that outline the intended uses of MGUs, along with limitations based on HB 2483 from the 87th Legislative Session. These documents detail the planning

process for determining which sites will receive generators, taking into account short- and long-term system needs as well as factors such as space, transportation, flexibility, and interconnection processes. CenterPoint's assessment and decision-making during an emergency event is conducted by a Tiger Team, which is a small, cross-functional group of subject matter experts assembled to quickly solve a specific critical problem, challenge, or issue, used to bring together diverse skills and perspectives from across the organization. The Tiger Team uses preplanned emergency operations tools such as flowcharts and decision trees to guide their decision-making, including decisions related to MGUs.

Hundreds of CenterPoint employees take on specialized duties during an emergency event. In the deployment of MGUs, nearly a dozen teams handle functions such as safety, fleet, security, and distribution control operations. Deployment of generators is determined by "triggers," which are decision points where the Tiger Team, Real-Time Operations Team, and Evaluation Team work through decision-making tools to determine if the circumstances are appropriate to deploy a generator and, if so, what size that generator should be. Decisions made are documented, including the corresponding generator size and any additional corresponding action items.

Maintenance Gaps

While CenterPoint considered many factors in its planning for MGUs, there were gaps in its consideration of maintenance. CenterPoint's EOP states that vendors are responsible for verifying operability and performing quarterly maintenance on MGUs. Agreements for leasing MGUs also indicate that vendors are responsible for maintenance of the leased equipment. However, neither of the leases adequately detail what those services and maintenance must be or the frequency by which services and maintenance should be performed, and CenterPoint does not effectively oversee maintenance performed by LCP.

The ERS lease indicates that there is an expected schedule that should be maintained and communicated, but does not provide further detail. The LCP lease indicates that LCP will provide maintenance for the leased units and refers to generator manuals and insurance expectations to drive what maintenance should entail and how often it should be performed. LCP's lease also states that where responsibility is unclear in the lease, both parties are expected to act in good faith and should collaborate to address areas of uncertainty. This written sentiment was corroborated by CenterPoint staff, who stated that it is in LCP's best interest to properly maintain its property. Clearly-documented terms of each party's responsibilities and obligations reduce the likelihood of noncompliance by either party.

CenterPoint keeps maintenance logs that are reported by both LCP and ERS to demonstrate that maintenance is conducted on the leased MGUs:

- ERS's maintenance documentation provides MGU serial numbers, operating times, and general conditions. It also describes whether maintenance was preventative or a requested visit, as well as what precisely was done, providing information that illustrates the health of each generator.
- LCP's maintenance logs indicate the date and time of maintenance visits and the unit(s) maintained but does not indicate what activity transpired.

CenterPoint does not monitor maintenance completed by vendors to ensure it is completed, such as through regular audits or reviews. Without verifying the upkeep of leased units, CenterPoint cannot fully oversee its leased MGUs. Considering the value of the equipment and the cost to CenterPoint,

which is passed through to customers, a higher level of oversight would reduce the financial, physical, and reputational risks of inadequately maintained units.

While CenterPoint's after-action report for Hurricane Beryl did not identify any issues related to MGU maintenance that impacted operations, proactive maintenance practices are essential for preventing equipment failures and ensuring reliability during critical situations, especially in emergency response scenarios. To enhance oversight and ensure proper maintenance of leased MGUs, CenterPoint should take proactive steps to incorporate more specific maintenance requirements into its leasing agreements with vendors. These specifications should clearly outline the expectations for maintenance activities, including the frequency of service visits and detailed reporting requirements. To ensure accountability, reporting requirements should include essential elements such as the date and time of service, unit identification (e.g., serial numbers), a description of work performed, condition assessments before and after maintenance, preventive maintenance actions taken, follow-up recommendations, and the signature of service personnel. By establishing these parameters in lease agreements, CenterPoint can hold vendors accountable for their maintenance practices and ensure that the upkeep of equipment aligns with the organization's operational needs and safety standards.

In addition to refining lease agreements, CenterPoint should implement a comprehensive strategy for monitoring maintenance activities performed by vendors. This strategy should include the following measures:

- **Regular Audits and Inspections:** Regular audits and inspections of maintenance activities should be scheduled to verify compliance with lease terms and assess the condition of MGUs.
- **Performance Metrics:** KPIs for vendors' maintenance activities to monitor the response times, completion rates for scheduled maintenance, and frequency of equipment failures should be established.
- **Review of Maintenance Reports:** CenterPoint should regularly review the detailed maintenance reports provided by vendors to ensure that all required activities are documented and any issues are addressed promptly.

By adopting these recommendations, CenterPoint can significantly improve its oversight of maintenance activities, ensuring that the leased MGUs are adequately maintained and reducing the associated financial, physical, and reputational risks.

Communication

5.	**Finding**	CenterPoint's limited communication to customers about the use of MGUs during Hurricane Beryl caused confusion in the community regarding their deployment, resulting in frustration and criticism from the public.
	Recommendation	A. To effectively manage public expectations, develop a comprehensive communication strategy that clearly outlines the operational limitations and deployment criteria for MGUs of various sizes. B. Ensure the continued functionality of the Outage Tracker app during high-demand situations to provide timely updates on restoration efforts. C. Continue conducting after-action reviews that assess communication effectiveness during emergencies and incorporate lessons learned into future communication strategies.

During Hurricane Beryl, CenterPoint's communication efforts were seen as lacking because there was a disconnect between what the public expected and the actual deployment of large MGUs. While there was public concern about CenterPoint not deploying its large MGUs, large MGUs are intended to be used in specific scenarios (primarily during load shed events) and CenterPoint staff reported these scenarios did not occur during Hurricane Beryl. As noted in Finding 4, CenterPoint's Grid Transformation & Investment Strategy Department maintains and regularly updates detailed decision-making tools to determine when, where, how, and what voltage is needed at various sites across its service area. These tools were used during Hurricane Beryl, suggesting that CenterPoint deployed the generators that they could rationally deploy in the aftermath of the hurricane. The after-action report for this hurricane stated that the larger generators would have been used if circumstances allowed.

Media reports suggested that the larger MGUs were not deployed when they could have helped restore power, causing further misunderstanding and frustration within the community. This indicates a disconnect between the actuality of operations at CenterPoint and the public's expectation. Although CenterPoint believes its recovery efforts were appropriate, it recognizes that its communication with stakeholders could have been better. While CenterPoint management explained that the decision not to deploy these generators was based on conditions at the time, they did not publicly provide details to explain the driving factors for the decision.

The disconnect between public expectations and CenterPoint's actual operations and decisions related to MGUs during Hurricane Beryl can be at least partly attributed to CenterPoint's communications about its large MGUs prior to the hurricane. CenterPoint issued three press releases that mentioned its large MGUs after it began procuring mobile generation and before Hurricane Beryl (Appendix B summarizes MGU-related information in press releases). These press releases indicated that CenterPoint had procured large MGUs to further improve reliable energy delivery for customers. For instance, the press release issued January 18, 2022 emphasized the acquisition of up to 500 mW of mobile dual-fuel turbine generators from LCP, suggesting that these resources would be readily available to support the grid and prevent power outages for hundreds of thousands of homes and businesses during extreme emergencies. This messaging created an expectation among the public that CenterPoint would deploy these generators in the event of a significant outage and did not explain the technical and scenario-specific limitations of MGU deployment.

Similarly, the press release issued on June 1, 2022 highlighted legislative measures that authorized CenterPoint to implement critical actions, including the use of mobile emergency electric generation to restore power more quickly during widespread outages. By reiterating the potential of these MGUs to mitigate outages and enhance reliability, the communications inadvertently set a public expectation that such resources would be deployed without delay during emergencies. When actual deployment of these generators did not occur as anticipated during Hurricane Beryl, it led to confusion and frustration among the community, compounded by the lack of detailed explanation from CenterPoint regarding the decision-making process. The December 21, 2022 press release further reinforced this expectation by stating that the MGUs were prepared for use in widespread outages. This gap between the communicated capabilities and the reality of each emergency situation underscores the need for improved communication strategies that align public expectations with operational realities.

Communication during Hurricane Beryl about the large MGUs could also have been improved. In a letter to the Special Committee on Hurricane and Tropical Storm Preparedness, Recovery and Electricity, CenterPoint acknowledged that their communication regarding the limitations of the large units during the hurricane could have been improved to better clarify customer expectations regarding power restoration and MGU deployment. The failure of CenterPoint's Outage Tracker, an app meant to update customers on restoration timelines, added to customer frustration during the hurricane, as it couldn't handle the high volume of users seeking information during the emergency.

To tackle these communication issues, CenterPoint has begun improving its outreach efforts, such as hiring a dedicated communications professional and updating the Outage Tracker to make it more functional during outages. These steps show CenterPoint's commitment to enhancing communication strategies, but the disconnect between their actual operations and public expectations during Hurricane Beryl underscores the need for clearer messaging.

Effective and timely communication from utility providers is crucial for keeping stakeholders informed about service interruptions, changes, and other important issues. To address the communication gaps identified during Hurricane Beryl, CenterPoint should develop a comprehensive communication strategy that clearly articulates the operational limitations and deployment criteria for MGUs to the public. This strategy should include creating educational materials that explain the scenarios in which MGUs of various sizes are deployed, emphasizing that their use is contingent upon certain conditions such as load shed events. By proactively informing stakeholders about the technical and situational factors that influence generator deployment, CenterPoint can help manage public expectations and reduce confusion during emergencies. Additionally, regular community engagement initiatives such as town hall meetings or informational webinars could provide a platform for direct interaction with customers, allowing them to ask questions and gain a better understanding of the Utility's operations.

While CenterPoint made improvements to its Outage Tracker app, it should continue to ensure the app's functionality during high-demand situations, allowing customers to receive timely updates on restoration efforts. CenterPoint's existing Communications Team should focus on refining crisis communication protocols to ensure timely and accurate updates during emergencies. This includes providing consistent messaging across all platforms and conveying complex operational decisions in a clear and accessible manner. By enhancing these aspects of their communication strategy, CenterPoint can foster greater transparency and trust within the community, ultimately improving stakeholder satisfaction and reducing frustration during future emergencies.

Lastly, CenterPoint should continue to conduct after-action reviews that include assessments of communication effectiveness during emergencies. These reviews should analyze stakeholder feedback, media coverage, and the performance of communication tools like the Outage Tracker and identify areas for improvement. By incorporating lessons learned into future communication strategies, CenterPoint can continuously refine its approach and ensure it aligns with both operational realities and public expectations. This proactive stance will not only enhance its reputation but also strengthen its relationship with the community it serves, ensuring that stakeholders feel informed and supported during critical events.

APPENDIX A: EMERGENCY MANAGEMENT PROCESSES

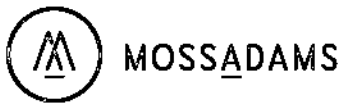
The following table compares CenterPoint's emergency management processes to select best practices from the APPA.

APPA BEST PRACTICE	ALIGNED?
All public power utilities should have a restoration plan that addresses pre-event preparations, event (response), and after-action analysis.	Yes
All utility restoration plans should be regularly trained and exercised for both notice and no-notice events. Exercising should involve discussion-based and operations-based activities. Staff should be trained and exercised in the primary and any secondary roles they may be expected to fill. A corrective action program (CAP) should be maintained and have clear program ownership.	Partially
Utilities should fully utilize their employees during restoration, including support services. During restoration, everyone in the organization should have a "storm role," even if this is not part of an individual's day-to-day responsibilities.	Yes
Establish, and formalize in written procedures, clear triggers for standing up response operations and activating the restoration plan. This clearly outlines when a utility must pivot from working at full capacity to a more strategic, deliberate, planning-oriented posture.	Yes
Utilities should conduct pre-event hazard and vulnerability assessments on systems and service areas to understand risk profiles. Utilities must also consider what hazards are likely to impact the area and the various implications of these hazards.	Yes
Utilities should develop and maintain a crisis communications plan and, depending on size, a crisis management plan.	Yes

APPENDIX B: PRESS RELEASE STATEMENTS ON MGUS

The following table includes MGU-related statements from press releases that CenterPoint issued following its procurement of the lease with LCP for large generators, but prior to its lease with ERS for small and mid-sized generators and prior to Hurricane Beryl.

PRESS RELEASE DATE	MGU-RELATED STATEMENTS
January 18, 2022	CenterPoint Energy has entered into lease agreements with Life Cycle Power, a company that employs a diverse fleet of mobile dual-fuel turbine generators, for emergency back-up generation resources. Through the agreements, CenterPoint Energy will receive up to approximately 500 megawatts of total capacity to be deployed across its greater Houston electric footprint. The mobile generation would support the grid and could allow up to hundreds of thousands of homes and businesses, that could otherwise be without power, to have electricity during an extreme emergency event.
June 1, 2022	During last year's legislative session, the Texas Legislature authorized several measures allowing Transmission and Distribution Utilities (TDUs), such as CenterPoint Energy, to implement critical actions to lessen both the frequency and impact of power outages. These actions include piloting a year-round volunteer commercial load-shedding program and the procurement of mobile emergency electric generation to aid in more quickly restoring power to distribution customers during certain widespread power outages, which are defined by the legislation. CenterPoint Energy has entered into lease agreements for emergency mobile emergency electric generation resources. Through the agreements, CenterPoint Energy has received approximately 500 megawatts of total capacity to be deployed across its greater Houston electric footprint. The mobile emergency electric generation may allow the company to reduce outages experienced by customers in an extreme emergency event. Under the new statute, a "widespread power outage" is an event that results in a loss of electric power that affects a significant number of distribution customers of a TDU; that has lasted or is expected to last for at least eight hours; and that results in a risk to public safety. TDUs may use mobile emergency electric generation resources during widespread power outages in which the Electric Reliability Council of Texas has ordered a TDU to shed load or the TDU's distribution facilities are not being fully served by the bulk power system under normal operations.
December 21, 2022	During the 2021 legislative session, the Texas Legislature authorized several measures allowing Transmission and Distribution Utilities (TDUs), such as CenterPoint Energy, to implement critical actions to lessen both the frequency and impact of power outages. One of these actions was the procurement of temporary emergency electric energy facilities to aid in restoring and rotating power to distribution customers during certain widespread power outages, which are defined by the legislation. Doyle said, "We have prepared our temporary emergency electric energy facilities so they can be utilized should a widespread power outage occur. These resources may reduce customer outages and outage duration in certain conditions."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