

PROJECT NO. 38578

ENERGY EFFICIENCY § PUBLIC UTILITY COMMISSION
IMPLEMENTATION PROJECT UNDER §
16 TAC § 25.181 § OF TEXAS

**TEXAS COMPETITIVE POWER ADVOCATES (TCPA) COMMENTS ON AEP,
CENTERPOINT & TNMP INTENT TO LAUNCH WINTER LOAD MANAGEMENT
PILOT PROGRAMS**

I. INTRODUCTION

Texas Competitive Power Advocates (TCPA) is a trade association representing power generation companies and wholesale power marketers with investments in Texas and the Electric Reliability Council of Texas (“ERCOT”) wholesale electric market. TCPA members¹ and their affiliates provide a wide range of important market functions and services in ERCOT, including development, operation, and management of power generation assets, power scheduling and marketing, energy management services and sales of competitive electric service to consumers. TCPA members provide almost half (50%) of the generating capacity in ERCOT, two-thirds (2/3) of the non-wind capacity and more than eighty percent (80%) of the natural gas generating capacity in ERCOT. TCPA members have invested billions of dollars in the state and employ thousands of Texans.

TCPA file these comments in response to notice from PUC Commission Staff on November 18, 2022 requesting comments by November 28, 2022 regarding the notice of intent to launch these programs in December 2022.

II. COMMENTS IN RESPONSE TO PROPOSAL FOR PUBLICATION

TCPA is filing these comments, consistent with its Statement of Position² and its Supplemental Statement of Position³ in PUC Docket 52689, *Expedited Petition of CenterPoint*

¹ TCPA member companies participating in these comments include: Calpine, Cogentrix, Constellation (formerly Exelon), EDF Trading North America, Luminant, NRG, Rockland Capital, Shell Energy North America, Talen Energy, Tenaska, TexGen Power, and WattBridge.

² PUC Docket 52689, TCPA Statement of Position in Opposition to Stipulation, Filed November 17, 2021. [Interchange - Documents \(texas.gov\)](#)

³ PUC Docket 52689, TCPA Supplemental Statement of Position, Filed November 30, 2021. [52689_34_1170941.PDF \(texas.gov\)](#)

Energy Houston Electric, LLC for Approval of Interim Load Management Programs for Nonresidential Customers and for an Accounting Order. TCPA continues to recognize the desire to secure all possible resources to insure against any possibility of a repeat of the issues seen in February 2021. As discussed at the Open Meeting on December 2, 2021, it is critical that all reliability services be incorporated into market prices to ensure that these services do not have an unintended consequence of depressing market pricing signals in a manner that could deter market investment. At that Open Meeting and in TCPA's Supplemental Statement of Position, the ERCOT-adopted NPRR 1006 was discussed since part of the NPRR directed ERCOT to account for the pricing impacts of ERCOT-directed deployments of TDU load management programs, including the programs approved in the final order under Docket 52689 and the pilot programs filed by CenterPoint, AEP, and TNMP in instant project. Commissioners noted in discussion on December 2, 2021 that demand response programs, such as the ones noticed in this project and the ones approved in Docket 52689, should be moving to the competitive market, noting that TDU comments at the Open Meeting that price impacts are not part of their realm is further indication that such programs are more appropriate in the competitive market than with regulated utilities.⁴

Additionally, Commissioner discussion included the difficulty ERCOT indicated it would have in implementing such a program and how to justify approving a program that ERCOT indicates is difficult to implement. The demand response in the Docket 52689 order and in the notice for which these comments are the subject is demand response of non-residential load requiring a direct payment from ratepayers. Since the order, ERCOT has implemented a firm fuel supply service and the Commission has expanded the scope and budget of Emergency Response Service (ERS), another (largely non-residential) load management program deployed as an out-of-market tool. In addition, ERCOT has substantially limited the ability of generators to take outages, and the Commission is on the precipice of adopting a new market design focused on aligning the market with reliability, emphasizing the importance of dispatchability during tight conditions.

In ERCOT filed comments in Docket 52689 on November 29, 2021 the organization stated that because of the failure to implement NPRR 1006, adopted in June 2020, there is no way to account for the pricing impacts of TDU load management programs in the winter 2021-22 time

⁴ [Admin Monitor - Texas - Public Utility Commission of Texas](#), Commissioner discussion of Item 8.

period.⁵ ERCOT further stated that the direction to deploy ERS ahead of EEA would require implementation of NPRR 1006 to be further developed, indicating implementation would not be possible prior to second quarter of 2022.⁶ Commissioners discussed with ERCOT staff at the December 2, 2021 Open Meeting if the price adjustments were doable with more time than would be possible for January 2022 implementation or if it was not possible at all. ERCOT staff indicated that it was definitely possible but not by January 2022.⁷ Additionally, the discussion elicited from ERCOT staff that even the megawatts contemplated in the program could make a significant price difference because the program is deployed when reserves are very low which is when price signals indicating a need for new investment in generation is seen under current market design and will continue until a new market design is implemented.⁸ Commission Staff indicated during the Open Meeting that they supported implementation of NPRR 1006 as soon as possible as it had been passed more than a year prior and had just not been prioritized by ERCOT.⁹

In Commission Staff's report to the Commission regarding the TDSP load management pilot program, it was noted that ERCOT did not declare an Energy Emergency Alert Level 2 during the program period and thus the activation of the program was not triggered.¹⁰ Also included in the report is information showing that AEP, CenterPoint, Oncor, and TNMP collectively procured approximately 141 MW of this resource at a cost ranging from \$18.58 to \$41.67 per MW per hour of obligation which is significantly more than the cost of rate-payer funded ERS at \$9.65 per MW per hour of obligation.¹¹ Additionally, Commission Staff recommended the cost benefit and program design be evaluated in the scope of other ERCOT load programs before continuing them. TCPA concurs with Commission Staff's recommendation as ratepayers are funding expensive programs which are not providing additional reliability and are potentially impeding future reliability because they are unaccounted for out-of-market actions in conflict with current and future competitive market designs.

⁵ Electric Reliability Council of Texas, Inc.'s Response to Commissioner Requests for Information Concerning Utility Load Management Program Proposals at 4.

⁶ *Id.*

⁷ [Admin Monitor - Texas - Public Utility Commission of Texas](#), Commissioner discussion of Item 8.

⁸ *Id.*

⁹ *Id.*

¹⁰ PUC Docket 52689, *Expedited Petition of CenterPoint Energy Houston Electric, LLC for Approval of Interim Load Management Programs for Nonresidential Customers and for an Accounting Order*, Commission Staff's Report Regarding Interim Load-Management Programs filed June 1, 2022. [52689_41_1212523.PDF \(texas.gov\)](#)

¹¹ *Id.*

ERCOT Staff's report to the Protocol Revision Subcommittee on November 11, 2022 indicated that not only had NPRR 1006 not be implemented as recommended by Commission Staff over the 11 months since directed by the Commission but that there was no start date for the implementation.¹² The status remains "on hold."

In approving the order allowing the pilot programs, the Commission indicated the approval was "for this winter only," meaning winter 2021-2022 and directed ERCOT and Staff to work together to bring back recommendations before July 2022.¹³ Based on the report filed June 1, 2022 which showed the programs to be more costly to consumers on a magnitude of more than two times than ERS and not utilized at all, consumers paid non-residential consumers to make unused capacity available in what has been described by some non-residential consumers as a "capacity market" in opposing tenets of other market design changes.¹⁴ Accordingly, TCPA recommends the Commission decline to allow these pilot programs to move forward for winter 2022-23 as an unnecessary expenditure of Texas residential ratepayers and an unnecessary signal of continued unaccounted for out-of-market actions that disincentivize new investment in reliable generation in ERCOT.

III. CONCLUSION

For the reasons stated herein, TCPA recommends that the notices of the TDSPs to implement the load management programs for the upcoming winter be rejected and the programs be halted.

¹² November 2022 Project Update at [PRS Event Details \(ercot.com\)](#)

¹³ [Admin Monitor - Texas - Public Utility Commission of Texas](#), Commissioner discussion of Item 8.

¹⁴ PUC Docket 52689, *Expedited Petition of CenterPoint Energy Houston Electric, LLC for Approval of Interim Load Management Programs for Nonresidential Customers and for an Accounting Order*, Commission Staff's Report Regarding Interim Load-Management Programs filed June 1, 2022. [52689_41_1212523.PDF \(texas.gov\)](#)

Dated: November 28, 2022

Respectfully submitted,

A handwritten signature in black ink that reads "Michele Richmond". The signature is written in a cursive, flowing style.

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