



CITY OF HOUSTON - CITY COUNCIL

Meeting Date: 9/14/2022

District E

Item Creation Date: 9/1/2022

ARA - Deny Entergy's request for approval of rate schedule UODG (related to backup electric generation)

Agenda Item#: 69.

Background:

The Administration & Regulatory Affairs Department (ARA) recommends that City Council adopt an ordinance denying Entergy Texas, Inc.'s (Entergy or Company) Statement of Intent for approval of rate schedule UODG (Utility-Owned Distributed Generation). Entergy provides electric service to approximately 483,000 retail customers in southeast Texas. Entergy serves approximately 1,800 customers in the Kingwood area — 1,500 residential and 300 commercial customers. The City of Houston (City) exercises original jurisdiction over the rates, operations and services of Entergy under the provisions of the Public Utility Regulatory Act (PURA) for customers within the city limits. Houston participates in Entergy proceedings, including rate proceedings, as a member of the Steering Committee of Cities (the Coalition), a group of cities with Entergy customers within their city limits.

On September 1, 2022, Entergy filed an application with the City of Houston for approval of a voluntary tariff — Rate Schedule UODG, which is related to backup electric service. Entergy filed the application concurrently with each of the cities within its service territory and the Public Utility Commission of Texas (PUC). In its application, Entergy requests approval to implement a new, voluntary tariff supporting the deployment of natural gas-fired distributed generation (i.e., generators located at the participating customers' premises).

The proposed Rate Schedule UODG is a monthly fee that will apply only to host customers that elect to take backup service from Entergy using Power Through generators sited on their premises. It is site-specific, meaning the fee will be different for each customer depending on needed generator size, technology being utilized, interconnections needed, installation, and any other customer-specific costs.

Entergy's new Power Through service is a distributed generation program under which small gas-fired generators will be installed at commercial and industrial customer premises. The size of the distributed generators will range from 100 kW to 10 MW, depending on each participating customer's need and location. The generators will serve as back-up generators to participating customers during system outages. During normal system operating times, Entergy could call on these distributed generation facilities to serve its own system load requirements. Thus, the gas-fired distributed generation facilities would serve as back-up to specific customers during system outage and as an Entergy resource (generally a peak load resource) at all other times.

Entergy requested an effective date for the Rider of October 5, 2022. The Coalition's experts and attorneys are currently reviewing the Company's application to determine whether Entergy's request is consistent with PURA and PUC rules. Because of the limited timeframe provided for review at the local level, the Coalition experts recommend that all the cities participating in the proceeding, including the City of Houston, adopt an ordinance denying Entergy's request and instead consolidating efforts at the PUC. Entergy is expected to appeal the cities' denial decision to the PUC. Once appealed, the City's proceeding will be consolidated with the concurrently filed proceeding pending at the PUC for the environs. The City, as a member of the coalition, will participate in the PUC proceeding.

Fiscal Note

There is no impact to the fiscal budget. Therefore, no Fiscal Note is required as stated in the Financial Policies.

Departmental Approval Authority:

DocuSigned by:
Tina Paez

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Tina Paez, Director

**Administration & Regulatory
Affairs Department**

Other Authorization

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