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Public Utility Commission of Texas

Commissioner Memorandum

TO: Interested Persons

FROM: David Smeltzer, Division Director, Rules and Projects

DATE: April 29, 2022

RE: Project No. 51603 – *Review of Distributed Energy Resources*

On April 20, 2022, Commissioner McAdams filed a memorandum in project no. 52373, *Review of Wholesale Electric Market Design*, requesting interested market participants provide responses to a number of questions related to distributed energy resources (DER). At the April 21, 2022 open meeting, the commissioners directed Commission Staff to file the questions in Commissioner McAdams' memorandum, along with any additions Commission Staff elects to make, in a new DER project.

Accordingly, Commission Staff has restyled project no. 51603 to serve as a clearinghouse project for the development of DER issues. Commission Staff will open additional projects to initiate specific DER rulemaking projects, as appropriate.

Commission Staff requests written comment on the following questions **by June 15, 2022**. **Each set of comments should include a standalone executive summary as the last page of the filing.** This executive summary must be clearly labeled with the submitting entity's name. Responses should be limited to **10 pages**, excluding the executive summary and any appendices.

Commission Staff has conferred with Commissioner McAdams' office and verified that the large number of questions and relatively low page count is motivated by the desire for this round of comments to serve as a general survey of DER issues and positions that will assist the Commission in identifying all of the relevant issues and scoping further inquiries in this area. However, more detailed information or resources may be provided as appendices to comments. All appendices should be clearly labeled as such.

1. **Distribution planning and control:** What planning and control processes and practices should the Commission consider for greater DER participation and grid resilience? Which entities should be involved in planning and control processes and practices?
 - i. What are the different utilization and participation formats for existing DERs on distribution networks?
 - ii. Should the current size limit on unregistered distributed resources be reconsidered?

2. **Transmission and distribution modification:** What equipment, processes, and standards need to be implemented to allow for further DER participation?
3. **Cost quantification:** How much transmission and distribution investment will be necessary and what methods would be available to recuperate costs? And should the Commission consider new methods of cost allocation and recovery for DER-related infrastructure enhancements?
 - i. What market signals, if any, should be considered related to DERs aimed at providing grid services?
4. **Data accessibility:** What data would improve supply side dynamics and encourage targeted development? What information would be useful to establish a current baseline and assess future market potential? What accessibility and information security concerns should be considered?
 - i. What level of information should entities responsible for planning and control of DERs have access to for long-term planning purposes?
5. **Other related questions**
 - i. Should the Commission consider classifying various DER types? If so, on what basis should DERs be classified? For example, size, performance, characteristics, or some other attribute? (E.g., rooftop solar PV, distribution connected energy storage, microgrids)
 - ii. What issues should be considered for segmentation and islanding? Should there be consideration related to DERs associated with critical facilities and entities?
 - iii. What should be done to encourage consistency in interconnection agreements between the various interconnecting entities?
 - iv. What can the Commission do to promote consistency in its DER policy between the ERCOT and non-ERCOT markets?
 - v. What successes have been seen in other states that could be implemented in Texas?
 - vi. What can reasonably and economically be done within a 5-year timeframe?
 - vii. What other issues, if any, should the Commission consider and address while developing rules related to DERs?