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April 26, 2019

VIA COURIER

Chairman DeAnn Walker,
Commissioner Arthur D'Andrea &
Commissioner Shelly Botkin
Public Utility Commission of Texas
1701 North Congress Avenue, Suite 8-100
Austin, Texas 78701

Re: PUC Docket No. 49421; SOAH Docket No. 473-19-3864; *Application of CenterPoint Energy Houston Electric, LLC for Authority to Change Rates*

Dear Chairman Walker, Commissioner D'Andrea, and Commissioner Botkin:

Calpine Corporation ("Calpine") intends shortly to file a Motion to Intervene as a party in the above-captioned matter. In advance of intervening, however, Calpine would recommend to the Commission that it adopt the recommendation by both the Public Utility Commission Staff ("Staff") and the Alliance for Retail Markets ("ARM"), that the Commission decline to address CenterPoint Energy Houston Electric's ("CenterPoint") request for blanket authority to install and include in rate base voltage regulation battery assets.¹

Calpine agrees with Staff and ARM that the Commission has already decided that it will consider, and if appropriate resolve, questions involving utility ownership and use of battery storage devices through a rulemaking.² Also, as both Staff and ARM note, the Legislature currently is considering proposals related to this very subject.³ Since the rulemaking project opened by the Commission to develop a regulatory framework for the use of energy storage devices remains open,⁴ and given the pending legislation on the subject, Calpine agrees with Staff and ARM that this docket is an inappropriate forum to resolve this issue.

¹ See generally Statement of Intent and Application for Authority to Change Rates at 15 ("Accordingly, the Company requests (1) the authority to install voltage smoothing battery systems, when necessary and cost-effective, for voltage regulation purposes and (2) to include the cost of the systems in rate base...."). See also Direct Testimony of Julienne P. Sugarek.

² *Application of AEP Texas North Company for Regulatory Approvals Related to the Installation of Utility-Scale Battery Facilities*, Docket No. 46368, Final Order at 1 (Feb. 15, 2018).

³ Tex. S.B. 1941, 86th Leg., R.S. (pending).

⁴ *Rulemaking to Address the Use of Non-Traditional Technologies in Electric Delivery Service*, Project No. 48023 (pending)

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If the Commission decides to address CenterPoint's request to install rate-based battery assets, Calpine agrees with ARM that the Commission should do so as a threshold legal or policy issue for which the Commission would consider parties' briefing.

Calpine looks forward to providing additional thoughts regarding this subject as may be appropriate.

Sincerely,

A handwritten signature in black ink, appearing to read "Chris Reeder". The signature is fluid and cursive, with a long horizontal stroke at the end.

Chris Reeder
Attorney for Calpine Corporation

CERTIFICATE OF SERVICE

I, Chris Reeder, hereby certify that a true and correct copy of this Letter was served on all parties of interest on this 26th day of April, 2019, by hand-delivery, facsimile, electronic mail and/or First Class, U.S. Mail.

A handwritten signature in black ink, appearing to read "Chris Reeder", written over a horizontal line.

Chris Reeder