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PROJECT NO. 51603

**Review of Distributed
Energy Resources**

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**PUBLIC UTILITY COMMISSION
OF TEXAS**

**COMMENTS OF THE SOUTH-CENTRAL PARTNERSHIP FOR ENERGY
EFFICIENCY AS A RESOURCE (SPEER)**

NOW COMES the South-central Partnership for Energy Efficiency as a Resource (“SPEER”), and files these comments in response to the Commission staff request for written comment filed in this proceeding on April 29, 2022.

Introduction

The South-central Partnership for Energy Efficiency as a Resource (SPEER) is a 501(c)(3) non-profit regional energy efficiency organization (REEO). We are one of six in the country that aims to accelerate the adoption of advanced building systems and energy efficient products and services throughout the nation. We work collaboratively to strengthen local economies, improve health and quality of life, and improve the environment

Comments

On April 20, 2022, Commissioner McAdams filed a memorandum seeking stakeholder input responding to several questions related to Distributed Energy Resources (DER). Following this direction, commission staff opened this project docket to serve as “clearinghouse project for the development of DER issues”.

Bulk electricity systems have been built to generate large-scale loads to meet customer demand. However, the State of Texas continues to grow in both population and as a place for business, as a result so does Texas’ energy demand requirements. With increased generation moving towards more economic renewable resources, the need to incentivize deployment of more cost-effective

DERs is imperative. DERs have the potential to reduce demand which in turn negates the need for costly plant construction while alleviating the strain on the transmission system. They can defer or ultimately replace the need for infrastructure upgrades at the local level through non-wire alternatives (NWA) like energy efficiency and distributed generation. They are cleaner resources that allow for decarbonization while providing resilience to a grid that faces extreme weather increasingly more frequently than most other states. There are many positives attributable to DERs, however regulatory framework is necessary to ensure seamless integration into the Texas grid. SPEER applauds the effort by the Commission to seek stakeholder input on this important resource and has filed responses to questions below:

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?

Planning and control process and practices for increased DER participation must be transparent, low cost, and standardized. Aggregation of DERs should be permitted to allow combined resources the opportunity to be compensated for the value they bring to the grid. As noted in a 2017 report¹ by the SPEER Commission on Texas Energy Efficiency Policy, the lack of customer empowerment and compensation acts as almost a disincentive for DER planning. As a result of increased DER penetration and potential aggregation, real time information should be collected so that TDUs, DER owners, and customers can determine strategic energy efficiency, demand response, and DER investment and deployment efforts.

2. Transmission and distribution modification: What equipment, processes, and standards need to be implemented to allow for further DER participation?

¹ <https://eepartnership.org/wp-content/uploads/2016/12/Win-Win-Utility-Regulation-Whitepaper-only-12.12-FINAL.pdf>

Utilization of national standards² at the PUCT and ERCOT would allow for consistency for utilities and DER owners. Relating to equipment and processes, data must be provided to ERCOT, TDUs, and end users to determine a baseline of current deployment as well as future needs assessments. In ERCOT's Seasonal Assessment of Resource Adequacy report outlined expected DER generation this year, but additional real time data is needed to confirm these estimates and develop strategic planning moving forward.

The distribution planning process should be transparent and have seamless interconnection with other resources. The Commission should consider a Distribution System Operator (DSO) model to support DER participation and integration. This model would establish an entity within ERCOT to manage a distributed services market where aggregators could bid into the market and dispatch their DERs on behalf of their customers with contractual consent. The California Public Utility Commission recently approved their DER Action Plan 2.0 which described their process for determining DSO development and roles in accordance with state goals.³

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

NWA valuation should be incorporated into transmission and distribution infrastructure upgrade investment decisions. By requiring the consideration of NWA valuation into the planning process with traditional grid capital investment projects, utilities would be able to determine the lowest cost investment that may also address resiliency for each project. As mentioned above, these resources can alleviate transmission issues and defer/replace more costly infrastructure upgrades. As a result of the inclusion of this valuation decision, investment recuperation for TDUs in NWA incentivized projects should be established as these resources may represent potential lost revenues for utilities but also increase grid reliability. Additionally, increased

² IEEE 1547

³ <https://docs.cpuc.ca.gov/PublishedDocs/Published/G000/M467/K470/467470758.PDF>

incentives for low income and hard to reach communities with the greatest need should be considered to ensure investment in those populations.

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?

Ensuring transparent and accurate data is necessary for targeted deployment of DERs in Texas. Allowing customers and their third-party retail electric or energy service providers access to their AMI data provides the opportunity for TDUs and customers to make informed decisions regarding investing in behind the meter DERs. This information should include participation of loads in the wholesale or emerging markets for energy, capacity, reliability, or ancillary services, through appropriate price signals and other market information.

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)

The Commission should allow all DER types a pathway to participation, regardless of function (i.e. generation, load reduction, and energy storage). DERs should be compensated for the value they bring to the grid. Locational pricing on the distribution grid should be considered. Interactive DER aggregations, such as PV and storage that can be combined with energy efficiency technologies, should be allowed as they provide additional benefits.

- ii. What issues should be considered for segmentation and islanding? Should there be consideration related to DERs associated with critical facilities and entities?

Islanding can provide customer safety, resiliency, and reliability to the grid. Commission should allow facilities with DERs to have opportunity to participate in the market and develop transparent rule for market participation and penalties for non-performance should exist. Segmenting feeders with critical facilities may allow those locations to remain online during rolling outages while simultaneously reducing non-critical feeder longer term outages.

vi. What can reasonably and economically be done within a 5-year timeframe?

The ability to deploy DERs within 60 months is reasonable and makes economic sense based on industry interest in the resources and potential access to AMI data. Allowing increased transparency for ERCOT, TDU's, and end-users to access their data that is currently gathered through Smart Meter Texas will expedite the deployment process by providing strategic information for best placement of DERs. It is important to note, that within five years it is anticipated that more than one million new residents will have moved to Texas. Without fast and reliable deployment of DERs the grid is likely to see more strain and increased costs for transmission infrastructure and Texans in general.

v. What successes have been seen in other states that could be implemented in Texas?

Several cities with municipally owned utilities (MOU) within the State of Texas have already begun the process of developing policy and integrating DERs into the energy planning. In 2017 Austin Energy's SHINES DER project established a roadmap for DER integration into the MOU complete with standards for energy storage security, development of policy needs, and metrics for scaling integrated PV solar, storage and smart inverters in the service territory. The finalized report was published in 2020.⁴ Similarly, in 2021 San Antonio's CPS Energy published their Distributed Generation Manual to assist with the growth of DER customers in the region.⁵ SPEER recommends the PUCT and ERCOT review the efforts of Austin Energy and CPS Energy related to DERs and work closely with MOU partners to establish a statewide roadmap for DER deployment and integration.

⁴ <https://austinenergy.com/ae/green-power/austin-shines/final-deliverable-reports>

⁵ <https://www.cpsenergy.com/content/dam/corporate/en/Documents/Distributed%20Generation%20Manual.pdf>

vii. What other issues, if any, should the Commission consider and address while developing rules related to DERs?

Many of these resources require upfront investment by utilities and/or customers. As a result, without proper oversight and direction, there are considerable equity concerns that may arise from increased deployment of these assets. Utilizing more transparent data on services provided in geographic regions, coupled with cost recovery programs should allow low-income and hard to reach populations to see much of the same investment that more affluent Texans are able to realize. Low-income Texans disproportionately receive the burden of energy costs in the state.
DERs

SPEER is not providing comments to 5. iii at this time.

Conclusion

SPEER appreciates your consideration of the important issues discussed in these comments and stands ready to participate as the proceeding moves forward.

Respectfully Submitted,



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**PUBLIC UTILITY COMMISSION
OF TEXAS**

**EXECUTIVE SUMMARY OF THE SOUTH-CENTRAL PARTNERSHIP FOR ENERGY
EFFICIENCY AS A RESOURCE (SPEER)**

SPEER supports the efforts of the Commission to review, analyze, and deploy DERs in Texas and appreciates the opportunity for stakeholder feedback in the process. With the growth in more economically feasible renewable energy, DERs provide both supply and demand side resources that increase the reliability of the grid at a lower cost than traditional centralized bulk electricity plants. As a result, DER participation into the wholesale electricity market is becoming more important to ensure Texas' grid stability.

SPEER responses to Commission questions:

1. Allowance of aggregated DERs should be permit into the wholesale electricity market while ensuring customer empowerment through transparent, real time data availability, and fair compensation for resources provided.
2. Following national standards will ensure consistency for utilities and DER owners, specifically relating to real time data and communication protocols. PUCT may also consider a distribution system operator model to support participation.
3. NWA valuation should be incorporated into transmission and distribution infrastructure upgrade investment decisions due to their ability to defer or negate the need for costly capital infrastructure upgrades.
4. Allow customers and their third-party retail electric or energy service providers access to their AMI data to assist with strategic investment and deployment of DERs.
5. Provide pathway for participation to all DER types and consider the benefits of islanding for critical facilities and the impacts on LI customers. Work with MOU's in Texas that have already begun integrating DERs in their region.