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Arthur C. D'Andrea, Chairman
Public Utility Commission of Texas
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Austin, TX 78711-3326

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PUBLIC UTILITY COMMISSION
FILING CLERK

March 15, 2021

SUBJECT: Project No. 51812, *Issues Related to the State of Disaster for the February 2021 Winter Weather Event*

Dear Chairman D'Andrea,

The February 2021 extreme winter weather event and its devastating effects on electricity customers in Texas demonstrate the clear need for an increased commitment to a diverse set of advanced energy technologies to ensure reliability to protect the public interest.

Texas Advanced Energy Business Alliance (TAEBA) includes businesses seeking to make Texas' energy system more secure, clean, reliable, and affordable. TAEBA represents a broad range of technologies including energy efficiency, demand response, energy storage, solar, wind, hydro, nuclear, electric vehicles, biofuels, and smart grid technologies.

While the Legislature is considering a variety of policy options to address the recent grid crisis, it is abundantly clear that additional demand-side resources are needed to protect customers. It is axiomatic that managing demand should be a key part of the discussion regarding how to make the ERCOT grid more resilient to future disasters since demand is what drives the need for generation. At the House and Senate hearings on February 25, in addition to discussing a variety of problems with electricity generation and shortcomings of the natural gas supply system, legislators also noted the need for additional demand response, including Emergency Response Service (ERS).

Action to expand ERS can be taken without requiring legislative action. **TAEBA respectfully requests that the Commission take immediate action to amend PUCT Subst. R. 25.507(b)(2) to remove the budget cap on Emergency Response Service (ERS).**

Demand response (DR) is critical as we head into the summer months and ERS is a well-established emergency DR program that has helped ensure grid reliability for years. In the recent winter event, ERS was deployed by ERCOT as one of its first lines of defense as generation units were tripping off. In Summer 2019, ERS deployment enabled ERCOT to avoid going beyond Energy Emergency Alert Level 1 (EEA1). ERS also kept the lights on during the Polar Vortex event in 2014. While ERS is not a "silver bullet" and by itself would not have kept the system from reaching EEA Level 3 given the severity of the recent Winter Weather Event, DR is an integral part of the reliability toolbox that grid operators can use when stabilizing the system. But the potential for ERS is limited by the PUCT rule capping the budget for the service, which has the effect of capping the market potential for this service. Urgent action is necessary so that ERS providers can immediately begin the process of

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enrolling customers for the summer contract period, develop necessary demand reduction processes, and install necessary equipment, as well as begin the process to enroll customers for next winter. This is an immediate “no-regrets” action that the Commission can take to make households, community institutions, and the grid itself more resilient.

Demand response is not the only demand-side technology that can contribute to a more secure, clean, reliable, and affordable grid, however. Distributed energy resources (DERs) such as rooftop solar, energy storage, energy efficiency, and electric vehicles and associated charging infrastructure can bolster grid reliability and resilience, while lowering energy bills for Texans. TAEBA respectfully requests that the PUCT commit to a policy of accelerating the expansion of DERs throughout the state, including ensuring that customers who invest in these technologies can participate in wholesale markets, individually or as part of an aggregation. We continue to urge the Commission to adopt policies that remove regulatory barriers to non-wires solutions to assist with local distribution system reliability.

Existing Commission proceedings such as Project Nos. 48023 (Rulemaking to Address the Use of Non-Traditional Technologies in Electric Delivery Service), 41061 (Rulemaking Demand Response in the Electric Reliability Council of Texas Market) and 49125 (Review of Issues Relating to Electric Vehicles) are currently inactive. Now is the time to reopen them, and with new urgency, taking advantage of the many recommendations for accelerating development of DERs already filed by stakeholders. Electricity customers want a more reliable and resilient electricity grid and are willing to take a more active role when responding to electricity challenges such as extreme weather events. These technologies can empower Texans, but only if market rules allow these flexible resources to flourish.

TAEBA stands ready to work with you make the changes necessary to continue Texas’ leadership and innovation in energy. We share a common goal: keeping the lights on and lowering costs for customers and businesses.

Sincerely,



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