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PROJECT NO. 52373

**REVIEW OF WHOLESALE ELECTRIC
MARKET DESIGN**

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**PUBLIC UTILITY COMMISSION
OF
TEXAS**

COMMENTS OF VOLTUS

Voltus, Inc. (“Voltus”) hereby submits these comments to the Public Utility Commission of Texas (“Commission”) regarding the wholesale electric market redesign. Voltus is a distributed energy resources (“DER”) provider specializing in commercial and industrial wholesale market participation. Voltus operates its DER platform in every North American wholesale market. Voltus has developed specialized technology to use load to provide operating reserves, which enables it to be the only demand response company providing operating reserves in the Southwest Power Pool (“SPP”), the Midcontinent Independent System Operator (“MISO”), and the California Independent System Operator (“CAISO”).

In Texas, Voltus participates in ERCOT’s Emergency Responsive Service (“ERS”), ERCOT’s Four Coincident Peak Program, the Centerpoint Commercial Load Management program, and the Oncor Commercial Load Management program. Voltus will soon enter ERCOT’s Load Resources (“LR”) program.

Voltus is a member of the Texas Advanced Energy Business Alliance (“TAEBBA”), and supports their comments. As detailed in its Executive Summary at the end of this filing, Voltus writes separately to emphasize the value of removing market barriers and enabling technology neutral solutions, and to support expanding ERS.

Comments

A. Allowing DER Aggregations

A free and functioning energy market requires participation of all technologically capable resources. Voltus supports a mechanism for distributed energy resource aggregations to participate in the wholesale markets. This would enable the participation of residential as well as commercial and industrial distributed energy resources (“DERs”), beyond just demand response. Commercial and Industrial DERs can already be aggregated. Being able to earn wholesale market revenues through managing the load of a fleet of electric vehicles, for example, makes these investments easier to finance. The same is true for large-scale energy storage. The available load is significant: 20,000 1-MW batteries

could provide 20 GW of potential grid reliability in an emergency, in addition to the regular benefits provided to the battery owner. The increasing penetration of distributed energy resources also increases load flexibility that enables the grid to use low-cost renewable energy.

Wholesale market residential DER aggregations are still in early phases, with nearly residential DER participation occurring through retail programs. Yet wholesale market residential DER participation is developing quickly in other markets and should be enabled in Texas, particularly when so many are investing residential DERs, like energy storage and generators, for reliability purposes. Again, enabling wholesale market participation enables an additional revenue stream, even if the device participates in a retail program. For example, aggregated batteries could provide ancillary services in the wholesale market while energy use is paid through a retail program.

Ultimately, enabling DER aggregations uses market forces and private innovation to scale DERs.

B. Technology-Neutral Reliability Ancillary Services

There is discussion of creating additional ancillary services to support reliability. In the August 26th workshop, the Lower Colorado River Authority proposed an Ancillary Service product called “Dispatchable Reliability Service.” This would be provided by resources that can respond in 30 minutes and provide interruptible power for at least 24 hours.

Dispatchable reliability as an ancillary service is an interesting proposal. Demand response and energy storage are dispatchable, and can be managed and aggregated to provide dispatchable reliability. Therefore, if a dispatchable reliability product is adopted, it should be technology neutral by having clear technical requirements that must be met, rather than per se allowing only certain technologies. To explain, a dispatchable reliability product should presumptively allow DER aggregations (rather than categorically prohibit them). Resources must then demonstrate that they meet whatever non-discriminatory technical requirements are developed. Voltus would also recommend that there be six-hour and 12-hour dispatchable reliability ancillary service products, to cover shorter duration events.

Even if DERs were not yet able to satisfy these technical requirements, technology is developing rapidly. A technology-neutral dispatchable reliability product could provide a market solution for dispatchable reliability—allowing innovative, lower cost resources to increasingly compete to provide reliability—rather than having an ancillary service act as subsidy to thermal generators.

Voltus reiterates its position that ancillary service costs should be borne by all market beneficiaries.

C. Expanding ERS

Voltus supports expanding ERS, and supports Commissioner McAdams' proposal to open a rulemaking exploring increasing the ERS budget and dispatching the program more frequently. In revising the ERS, Texans must get both the reliability and the value that they pay for. Texas could optimize participation and performance by uncapping the ERS and enabling resources to receive energy payments during dispatches (as is the case for PJM's Emergency Load Response program). With this model, the energy payment would enable market participation during more frequent dispatches.

Otherwise, Voltus would argue to expand the budget to at least \$200 million to procure approximately 4,000 MWs, which would bring ERS closer to the 10% of peak demand that other demand response standby programs account for. As Voltus previously stated, 10% should be the minimum goal for Texas, given its impressive commercial and industrial load. If ERS resources are still only paid capacity payments, the dispatch trigger is a critical question. A trigger that results in an additional dispatch per quarter might enable additional reliability while maintaining the current cost per megawatt of customer participation. A significantly more sensitive dispatch trigger would require that resources receive more compensation. Demand response performs on a bell curve. If it's dispatched too infrequently, resources are rusty and don't perform as well. If it's dispatched too frequently, fewer resources enroll and dispatch performance drops off. Optimal performance is in the middle.

Voltus supports TAEBA's comments regarding revising the ERS, particularly its proposal to enable ERS participants to receive energy payments for dispatching outside of their committed time periods.

Sincerely,



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VOLTUS EXECUTIVE SUMMARY

- Allow aggregations of distributed energy resources to participate in the wholesale market.
- Ensure that if new dispatchable reliability ancillary services are adopted, they are technology neutral by allowing aggregations. Voltus recommends six and 12-hour dispatchable reliability ancillary services products be added to the proposed 24-hour product, if such a product is adopted.
- Expand ERS by :
 - Allowing ERS resources to receive energy payments for dispatches outside of their commitment periods; and *either*
 - Uncap ERS and offer energy payments, while enabling a more sensitive trigger than the current EEA levels; or
 - Increase the ERS budget to \$200 million with a goal to procure 4,000 MWs, and finely calibrate a more sensitive dispatch trigger to ensure participation is not compromised.