



## Filing Receipt

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**PUC DOCKET NO. 53267**

<b>APPLICATION OF AEP TEXAS INC.</b>	<b>§</b>	<b>PUBLIC UTILITY COMMISSION</b>
<b>FOR APPROVAL OF A WHOLESALE</b>	<b>§</b>	<b>OF TEXAS</b>
<b>DISTRIBUTION SERVICE</b>	<b>§</b>	
<b>DISTRIBUTED GENERATION ENERGY</b>	<b>§</b>	
<b>STORAGE TARIFF</b>	<b>§</b>	

**LIST OF ISSUES**

TO THE HONORABLE CHAIRMAN AND COMMISSIONERS OF THE PUBLIC UTILITY COMMISSION OF TEXAS:

SMT McAllen LLC (“SMT McAllen”) files this list of issues in accordance with the Order of Referral filed on February 22, 2021.

**I. Introduction**

SMT McAllen is developing a battery energy storage system to be interconnected at distribution voltage (“BESS”) within the AEP service territory. SMT McAllen has applied for interconnection with AEP Texas and is currently in the interconnection study process. SMT McAllen’s parent company has developed approximately one hundred (100) megawatts of BESS projects and is considering developing additional BESS projects within the AEP Texas service area.

SMT McAllen believes the proposed AEP Texas tariff rate is excessively high to the point that it will render BESS projects uneconomical within the AEP Texas service area. Simply put, AEP Texas’ proposed monthly tariff charge, combined with significant contribution in aid of construction (“CIAC”) obligations to interconnect a BESS, will render it extraordinarily difficult for BESS projects to operate profitably within the AEP Texas service area. However, please note, SMT McAllen is agreeable to a reasonable monthly tariff charge that allows BESS projects to operate profitably.

In addition to the actual tariff rate, SMT McAllen highlights the way in which the monthly demand-based charges are calculated. AEP Texas proposes to bill the tariff using a billing demand based on the higher of the customer’s non-coincident peak (“NCP”) demand for the billing month or eighty percent (80%) of its highest NCP during the last eleven (11) months. This means that

AEP Texas would potentially bill the tariff based upon demand charges at a peak demand established when the battery storage project was testing rather than at a lower level to be realized during commercial operation. Determining NCP demand during testing, rather than during commercial operation, may greatly exaggerate the actual demand that a BESS project will put on the distribution system and is an unreasonable way to determine NCP demand.

## **II. Issues to be Addressed**

1. Is AEP Texas' proposed monthly tariff charge just and reasonable for BESS projects?
2. Does AEP Texas' proposed rate schedule for the tariff result in the application of just and reasonable rates to distributed wholesale storage entities?
3. Should the billing demand for the demand-based charges under the tariff be determined based upon peak demand after all testing by ERCOT and AEP Texas has been completed and the battery storage facility is in commercial operation?

## **III. Conclusion**

SMT McAllen requests adoption of a preliminary order containing the above identified issues to be addressed.

Respectfully submitted,

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**ATTORNEYS FOR:  
SMT MCALLEN LLC**

### **CERTIFICATE OF SERVICE**

I certify that a true and correct copy of this pleading has been forwarded to all parties of record via electronic mail on the 26<sup>th</sup> day of July 2022, in accordance with the Order Suspending Rules, issued in Project No. 50664.

/s/ Alaina Zermeno

Alaina Zermeno