



## **Filing Receipt**

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April 10, 2024

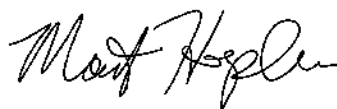
The State Office of Administrative Hearings  
P.O. Box 13025  
Austin, Texas 78711-3025

Re: SOAH Docket No. 473-22-09196; PUC Docket No. 53267; *Application of AEP Texas, Inc. for Approval of a Wholesale Distribution Service Distributed Generation Energy Storage Tariff*

Parties,

On April 10, 2024, Hunt Energy Network LLC filed the attached letter to Commissioners in Project No. 54224, Docket No. 56165, and Docket No. 56211. HEN is filing a copy of the letter in this docket for informational purposes.

Respectfully Submitted,



Marty Hopkins

*Attorney for Hunt Energy Network LLC*

cc: All parties of record



**HUNT ENERGY NETWORK**

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April 10, 2024

Public Utility Commission of Texas  
Chairman Thomas J. Gleeson  
Commissioner Lori Cobos  
Commissioner Jimmy Glotfelty  
Commissioner Kathleen Jackson  
1701 N. Congress Avenue  
Austin, TX 78711

Re: Project No. 54224, *Cost Recovery for Service to Distributed Energy Resources (DERs)*;  
Docket No. 56165, *Application of AEP Texas Inc. for Authority to Change Rates*; Docket No.  
56211, *Application of CenterPoint Energy Houston Electric, LLC for Authority to Change  
Rates*,

Dear Chairman and Commissioners:

The Commission initiated Project No. 54224, *Cost Recovery for Service to Distributed Energy Resources (DERs)*, in 2022 to consider and decide important policy issues regarding the cost treatment of Distributed Energy Resources, particularly, Distributed Energy Storage Resources ("DESRs"). Key issues for Commission determination include both (a) Contribution in Aid of Construction ("CIAC") for DESRs and (b) the imposition of wholesale distribution service tariff charges on DESRs when they are charging.

These DESR issues were raised by Hunt Energy Network LLC ("HEN") in Oncor Electric Delivery Company LLC's ("Oncor") last rate, Docket No. 53601, and were litigated extensively by the parties. When that case reached the Commission for final decision in March 2023, however, the Commission declined to address the DESR policy issues, explaining that it was preferable to move quickly to address cost recovery for all utilities in one proceeding, rather than consider the issues on a piecemeal basis.<sup>1</sup>

Now, we find ourselves with the same policy issues relating to the applicability of wholesale distribution service tariffs to DESRs in two new, separate rate cases filed recently by AEP Texas Inc. ("AEP") and CenterPoint Energy Houston Electric, LLC ("CenterPoint"),<sup>2</sup> both of which have draft Preliminary

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<sup>1</sup> See Open Meeting Discussion on *Application of Oncor Electric Delivery Company LLC for Authority to Change Rates* (Docket No. 53601) at 3:16 - 3:29 (Mar. 9, 2023).

<sup>2</sup> Notably, AEP and CenterPoint do not currently have final, approved wholesale distribution service tariffs for DESRs. AEP and CenterPoint both filed stand-alone applications to approve new wholesale distribution service tariffs for DESRs in 2022, and both dockets have been abated pending a broadly applicable policy determination in Project No. 54224. See *Application of AEP Texas Inc. for Approval of a Wholesale Distribution Service Distributed*

Orders pending at the April 11, 2024 Open Meeting. HEN has intervened in each rate case. The litigation burden on HEN, the utilities, and others to litigate these essentially duplicative cases will easily run to hundreds of hours of parties' and Commission Staff's time and hundreds of thousands of dollars in litigation expenses, just as it did in the Oncor case, because there is still no Commission policy determination on the applicability of these tariffs to DESRs. This is an inefficient use of all parties' resources, including Commission Staff, especially in light of the Commission's publicly-stated desire to use pending Project No. 54224 to address the fundamental policy issue of whether wholesale distribution service tariff charges should apply to DESRs.

As briefed in Docket No. 53601 and Project No. 54224, HEN believes that applying wholesale distribution service tariff charges to DESRs to charge their resources is discriminatory vis-à-vis transmission level energy storage resources. DESRs are ERCOT-wide generation resources benefiting the entire grid just like transmission-interconnected storage resources. DESRs are dispatched and controlled on a daily basis like all other ERCOT generation resources. And energy transmitted to charge up a DESR is stored for future use by an end-use customer, not consumed by DESRs, meaning a distribution utility is recovering twice for transmitting that energy – once from the DESR and again from the actual consumer of that energy. These issues were addressed by interested parties, including AEP and CenterPoint,<sup>3</sup> in Project No. 54224.

I am keenly aware of the heavy agenda pending before the Commission. While moving Project No. 54224 forward might appear to add to the burden, it actually will reduce the overall burden to the Commission and Staff by providing a more efficient approach, consistent with the Commission's stated view in the Oncor proceeding. Ideally, the Commission could decide these policy issues on an expedited basis in Project No. 54224, before parties spend considerable time and expense litigating the issues in the two pending rate cases (and any future ones). In lieu of that, guidance from the bench could be beneficial in resolving these particular issues consistently and efficiently in the rate and/or the abated tariff cases, and allow us to return to further development of these valuable dispatchable resources.

Respectfully,

A handwritten signature in black ink, appearing to read "Pat Wood III".

Pat Wood III, CEO

Cc: Parties in *Application of AEP Texas Inc. for Authority to Change Rates*, Docket No. 56165; *Application of CenterPoint Energy Houston Electric, LLC for Authority to Change Rates*, Docket No. 56211.

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*Generation Energy Storage Tariff*, Docket No. 53267 (filed February 24, 2022; abated by agreement October 28, 2022; AEP's motion to lift abatement denied September 19, 2023); *Application of CenterPoint Energy Houston Electric, LLC for Approval to Amend Its Wholesale Transmission Service Tariff*, Docket No. 53606 (filed May 13, 2022; abated by agreement November 14, 2022).

<sup>3</sup> See *Cost Recovery for Service to Distributed Energy Resources*, Project No. 54224, Joint TDUS' Responses to Commission Staff's Questions for Comment (Nov. 17, 2022) (jointly filed by Oncor, AEP, and Texas-New Mexico Power Company); Project No. 54224, Comments of CenterPoint Energy Houston Electric, LLC (Nov. 17, 2022).