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PUBLIC UTILITY COMMISSION OF TEXAS

David Smeltzer, Division Director, Rules and Projects

Regarding the First Quarterly Report of the ADER Task Force, submitted in Project No. 53911 - *Aggregate Distributed Energy Resource (ADER) ERCOT Pilot Project*

COMMENTS of SOLAR UNITED NEIGHBORS

Before the Public Utility Commission of Texas

Friday, October 14, 2022

Solar United Neighbors (SUN) of Texas appreciates the opportunity to provide these comments regarding the development of an Aggregate Distributed Energy Resource (ADER) ERCOT Pilot Project (Project No. 53911) in response to the draft project Governing Document proposed by the ADER Task Force in its first quarterly report.[1]

Solar United Neighbors is a non-profit organization dedicated to creating a clean, equitable, resilient energy system that benefits everyone. In Texas, we have run 13 solar co-ops to help people learn about solar and go solar together at a discounted group price. We have educated thousands of Texans about solar and storage, and have helped homes and small businesses install 1.8 MW of solar and 987 kW of battery storage combined.

Demand response programs for distributed, behind-the-meter generation, storage, and load-management resources deliver benefits to participating and non-participating customers and to the grid as a whole. They help participating customers recoup their up-front investments in these technologies and see bill savings without passing any risk on to other ratepayers. They also reduce costs shared by all ratepayers by reducing strain on the grid, the need for costly transmission investments, and the use of expensive and highly polluting peaker power plants. Finally, these programs improve resilience and reliability while bringing more clean energy onto the grid.

[1] FIRST QUARTERLY REPORT OF THE ADER TASK FORCE: https://interchange.puc.texas.gov/Documents/53911_18_1241809.PDF

Distributed, behind-the-meter energy resources should play a major role in building the better grid of the future. To make that happen, customers need the right incentives to both invest in generation, storage, and load-management resources *and* dispatch those resources when it's most helpful to the grid. Demand response programs that fairly compensate customers for these grid services are a key tool for achieving that end. SUN is supportive of efforts by the PUCT and ADER Task Force to develop a pilot and, ultimately, full-fledged demand response program for aggregated distributed energy resources (ADERs) including distributed storage.

As demand response programs for behind-the-meter assets are being developed, care should be taken to ensure that these programs are both effective and fair. To that end, SUN appreciates the following attributes of the draft project Governing Document:

- As currently proposed, the pilot project would enable ADERs to provide grid services and participate in ancillary service markets. As described above, this ability is an important step towards both supporting the continued adoption of ADERs and building a more resilient and efficient grid.
- The pilot project would be open to any distributed energy resources (DERs) "with any combination of generation, energy storage, or controllable load with the capability of 1 MW or less." Importantly, this means that customer-owned and leased solar plus storage systems will be eligible to participate.
- Participation in the pilot project would not impact the ability of participants to participate in other models, incentive programs, or special rates that they may be eligible for. Customers must be able to remain on their current rate schedule and take advantage of any non-program incentives, rebates or special rates for which they are eligible in order for demand-response programs to effectively incentivize the desired behavior and private investment.
- The stated purposes of Phase I of the pilot project include attracting broad ADER participation and identifying potential project improvements, indicating a goal of

expanding the pilot to allow for greater ADER participation and services. Demand response programs should grow in size and number of available offerings over time, as the need for and customer interest in distributed generation and storage continues to grow. SUN encourages utilities and regulators to enable and encourage such growth, including by moving expeditiously from the pilot phase to full program implementation.

In keeping with best practices for fair and effective demand response programs for distributed resources, SUN further encourages the PUCT and participating aggregators to ensure that the ERCOT pilot and subsequent ADER demand response programs adhere to the following principles:

- Control over participating distributed generation, storage, or controllable load devices should remain with the customer or with another entity they authorize, such as an aggregator, rather than with their electric provider.
- Payments for load reduction or injection should be standardized at a fixed rate or fixed rate floor (allowing for potential increases to account for inflation or other factors) for the duration of participation, subject to reasonable performance rules and performance-based adjustments.
- Payment rates should take the full value stack of distributed resources into consideration, including energy and non-energy benefits.
- Participating customers should be compensated at a transparent and agreed upon rate for load reduction or injection during peak load times, and peak load times should be identified in a way that results in sufficiently narrow windows to meaningfully shift demand. Best practices suggest that peak load times should make up no more than 10% of hours in a year.

- Participating customers should have the ability to opt-out at any time and without punitive charges. Clear instructions for leaving a program and for temporarily opting out of resource sharing, if applicable, should be easily accessible.
- Aggregators should provide clear guidelines for customers around any minimum participation requirements in order to receive benefits and/or stay enrolled in a program. It should also be easy for participating customers to access and track information regarding their progress toward meeting such requirements.
- Programs should prioritize low- and moderate-income customer participation. This can be done through added incentives, through program carve-outs, and/or in combination with other rebate or incentive programs.
- Demand response programs should be included in utility-level and regional efficiency and demand management planning, so that their value and potential is recognized in resource planning processes.

SUN looks forward to the timely implementation of this ERCOT Pilot Project and hopes to see it rapidly expand to a full-fledged demand response program for ADERs including distributed solar plus storage, given the immense value that these resources can deliver to participating and non-participating customers, the grid and the environment.