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PROJECT NO. 54224

COST RECOVERY FOR SERVICE TO DISTRIBUTED ENERGY RESOURCES (DERs)	§ § §	PUBLIC UTILITY COMMISSION OF TEXAS
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THE ADVANCED POWER ALLIANCE AND AMERICAN CLEAN POWER ASSOCIATION COMMENTS

The Advanced Power Alliance (APA) and the American Clean Power Association (ACP) appreciate the opportunity to respond to the Public Utility Commission of Texas (Commission) Staff's Questions for Comment in Project 54224: *Cost Recovery For Service To Distributed Energy Resources*. The comments submitted do not reflect the opinions of any individual member company.

I. INTRODUCTION

The Advanced Power Alliance (APA) and the American Clean Power Association (ACP) serve as the voice of more than 800 member companies that represent a diverse cross-section of the world's leading energy companies, energy investors, energy consumers, and power generation manufacturers from across the clean power sector that are driving high-tech innovation through the development of generation assets including wind, solar, and energy storage, spurring massive investment in the U.S. economy while creating jobs for American workers.

Projects developed by our member companies and investors generate local tax revenue for schools, services, and infrastructure, as well multi-generational income for Texas landowners, mainly in rural Texas. Our members' projects help to create cleaner air, water, and improved human health.

II. Response to Commission Staff's Questions.

Staff Question 2. Is it appropriate for a DESR to pay some level of distribution charges? Why or why not? Do DESRs affect congestion and capacity availability on the distribution system? Please explain.

No, it is not appropriate for a distributed energy storage resource (DESR) to pay distribution charges. Distribution-connected battery energy storage systems, or distributed energy storage resources, should not be subject to wholesale demand charges, also known as wheeling fees or Wholesale Transmission Services (WTS) tariffs. Currently, transmission-connected energy storage resources are not subject to wholesale demand charges for a variety of substantiated reasons, but most notably because Energy Storage Resources (ESRs) do not behave in markets like “end-use load” or like retail load in ERCOT. These reasons also apply to DESRs. 16 TAC § 25.501 (m) stipulates that wholesale storage is wholesale load settled at the applicable wholesale nodal price and not subject to ERCOT retail or ancillary service charges.¹ DESRs participating in the ERCOT market do not constitute “end-use load,” rather they serve as a waystation on the way to generation. Distribution-connected energy storage resources provide similar benefits to transmission-connected energy storage resources and should be treated consistently. As such, DESRs should not be subject to demand charges.

Furthermore, the current structure of WTS tariffs is cost-prohibitive for many potential distribution-connected energy storage projects. Maintaining the status quo could prevent or adversely affect opportunities to expand deployment of DESRs in Texas, is contrary to cost-causation principles and conflicts with policies that encourage a reliably functioning grid. DESRs provide the same reliability benefits as ESRs connected to transmission, by providing energy and ancillary services to the wholesale market.

¹ 16 Texas Administrative Code, § 25.501 (m), 2012.

Staff Question 4. 16 Texas Administrative Code § 25.501(m) provides, "Wholesale storage is not subject to retail tariffs, rates, and charges or fees assessed in conjunction with the retail purchase of electricity. Wholesale storage shall not be subject to ERCOT charges and credits associated with ancillary service obligations, or other load ratio share or per megawatt-hour based charges and allocations." Given changes in technology and the proliferation of Energy Storage Resources (ESRs) on the ERCOT grid, should the Commission revisit this policy on wholesale storage load applicability for ESRs interconnecting in the future? If so, how?

No, this policy should not be revisited. ESRs are not the end-point user of electricity charged from the grid and therefore should not be charged as such. ESRs, through numerous mechanisms and services, provide substantial benefits that help optimize the grid. The ongoing proliferation of ESRs connected to the electrical grid in Texas, which provides growing benefits to the system, could be hindered by a reversal of this policy. The PUCT has previously engaged in lengthy deliberations on this matter and correctly determined that wholesale storage should not be subject to tariffs, rates, and charges or fees associated with the retail purchase of electricity. The policy decisions made by this Commission should not be altered merely because there is newer technology or because there are more ESRs. The Commission rightfully determined that wholesale storage load should not be subject to charges associated with the retail purchase of electricity – ESRs continue to act as a way station and with the increase in ESRs, they still are not counted in the numerator nor denominator in determining Four Coincident Peak (4CP).

III. Conclusion

The Advanced Power Alliance and the American Clean Power Association appreciate the opportunity to provide comments in this project. We encourage the Commission to take into consideration the comments and recommendations submitted by energy storage resource developers, owners, and operators.

Respectfully submitted,

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EXECUTIVE SUMMARY OF THE ADVANCED POWER ALLIANCE AND AMERICAN CLEAN POWER ASSOCIATION COMMENTS

- ESRs, through numerous mechanisms and services, provide substantial benefits that help optimize the grid.
- Distribution-connected battery energy storage systems, or distributed energy storage resources, should not be subject to wholesale demand charges, also known as wheeling fees or Wholesale Transmission Services (WTS) tariffs.
- Currently transmission-connected energy storage resources are not subject to wholesale demand charges for a variety of substantiated reasons. These reasons also apply to DESRs.
- The current structure of WTS tariffs is cost-prohibitive for many potential distribution-connected energy storage projects.
- The PUCT has previously engaged in deliberations on the matter of 16 Texas Administrative Code § 25.501(m) and correctly determined that wholesale storage should not be subject to tariffs, rates, and charges or fees associated with the retail purchase of electricity.