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Public Utility Commission of Texas

Memorandum

TO: Interested Persons

FROM: Ramya Ramaswamy, Director of Energy Efficiency
David Smeltzer, Director of Rules and Projects

DATE: September 9, 2024

RE: Project No. 54224, *Cost Recovery for Service to Distributed Energy Resources*
Questions for Comment – DERS Interconnection Allowance

On August 28, 2024, Commissioner Glotfelty filed a memo in Project No. 54224 proposing that Commission Staff prepare a draft rule containing the following elements:

- A 1.5 million dollar interconnection allowance for generation and storage resources connected at distribution voltage. Interconnecting resources would not be responsible for interconnection costs below this allowance.
- Interconnection costs above the allowance would be recovered from the resource through a Contribution In Aid of Construction (“CIAC”).
- Distribution service providers would be required to provide a detailed estimate of the interconnection costs to prevent inflation of interconnection costs creating a barrier to entry. Interconnecting resources would be able to contest these costs.

During the discussion at the August 29, 2024 open meeting, the Commission directed Commission Staff to provide briefing on this topic and to invite interested persons to file comments on this topic.

Interested persons may file comments electronically through the interchange on the Commission’s website. Comments must be organized in a manner consistent with the questions provided below. All comments must refer to Project No. 54224.

Comment Deadline: September 30, 2024

Reply Comment Deadline: October 11, 2024

Each set of comments must include a standalone executive summary as the last page of the filing. This executive summary must be clearly labeled with the submitted entity’s name and should include a succinct bulleted list of the arguments made within the comments.

Question 1: Can the Commission implement the proposed standard distribution resource interconnection allowance without explicit statutory language authorizing such an allowance?

Question 2: What are the advantages and disadvantages of the proposed standard distribution resource interconnection allowance? Is a standard distribution resource interconnection allowance a viable option to move forward? If not, why?

Question 3: At what amount should a standard distribution resource interconnection allowance be set? Should the applicability or amount of the allowance vary based on the size of the resource?

Question 4: How should the interconnection costs covered by such an allowance be reallocated? What effects would this have on other customers?

Question 5: Should a standard distribution resource interconnection allowance also apply in areas served by municipally owned utilities and electric cooperatives?

Question 6: If a standard distribution resource interconnection allowance should apply in areas served by municipally owned utilities and electric cooperatives, does the Commission need to develop a wholesale cost recovery mechanism to address the costs associated with this allowance? What factors should the Commission consider in developing such a mechanism?

Separate from his primary policy proposal, Commissioner Glotfelty's memo also noted that a resource receives different treatment based on whether it interconnects at transmission or distribution voltage.

Question 7: What disparities exist between distributed generation and energy storage resources interconnecting at transmission and distribution voltages?

Question 8: What, if any, action should the Commission take to address these disparities in a uniform fashion?