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PROJECT NO. 54224

COST RECOVERY FOR SERVICE TO DISTRIBUTED ENERGY RESOURCES	§ § §	**PUBLIC UTILITY COMMISSION** **OF TEXAS**

JOINT REPLY COMMENTS OF TEXAS SOLAR POWER ASSOCIATION AND SOLAR ENERGY INDUSTRIES ASSOCIATION ON STAFF QUESTIONS

The Texas Solar Power Association (TSPA) and the Solar Energy Industries Association (SEIA) (collectively, the Solar Associations)[1] appreciate the opportunity to file these joint reply comments related to Commission Staff's Request for Comment filed on September 9, 2024, in the above-referenced Project. TSPA and SEIA are not affiliates but have combined our comments for this filing to make our participation in this Project more efficient for Commission Staff.

A review of initial comments filed on September 30, 2024, reveals that most commenters are supportive of Commissioner Glotfelty's proposal for a standardized allowance and agree that it is within existing legal authority to adopt such an allowance. Setting aside legal considerations, it is also clear that most parties agree that greater standardization and transparency around interconnection processes for Distributed Energy Resources (DERs) would address significant barriers faced by DERs and could increase investment in DERs, resulting in greater reliability and resilience of the ERCOT system. The Solar Associations agree. Assuming that these outcomes are consistent with the Commission's policy goals, we encourage the Commission to move forward with

[1] The comments contained in this filing represent the joint position of the Solar Associations as organizations, but not necessarily the views of any individual member or either organization with respect to any issue.

speed to clarify policy on the issues raised in this project by adopting a rule by the end of this year to set a standardized interconnection allowance.

RESPONSES TO OTHER PARTIES' INITIAL COMMENTS

Commission Policy Would Benefit from Greater Clarity in Defining DERs

Texas Public Power Association (TPPA) notes in their general comments that Commission rules do not define "DERs" for widespread use, and therefore there is a lack of clarity regarding to which facilities the proposed policies would apply.[2] The Solar Associations agree that additional clarity would be useful. We recommend that the Commission adopt a definition of DER that is the same definition used in all other organized wholesale markets (i.e., RTOs/ISOs) across the U.S.: "any resource located on the distribution system, any subsystem thereof or behind a customer meter."[3] This establishes a technology-neutral definition, and includes all sizes of DERs, whether they are in front of or behind the meter. The overarching policy in the State of Texas should be to encourage development of DERs and to integrate DERs, and aggregations of DERs, into competitive markets. The broadest term, DER, can then be further subdivided, as necessary, to reflect size and operational considerations (e.g., "DGR" and "DESR" as used in ERCOT protocols). Policy differences among DERs are in some cases necessary and appropriate, such as residential solar customers having a much more simplified interconnection process compared to 9.9 MW DGRs or DESRs who operate exclusively in wholesale markets. Additional clarity will help stakeholders and the Commission alike to ensure use of common language when discussing DER-related policies.

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2 TPPA at 2.

3 FERC Order 2222

Commission Authority Exists Within the Public Utility Regulatory Act (PURA)

The only parties arguing that the Commission needs explicit statutory guidance to set a standardized interconnection allowance are municipally-owned electric utilities and electric cooperatives. Otherwise, across the board, investor-owned utilities,[4] resource developers and their trade associations,[5] and industrial customers[6] agree that the Commission has authority to establish a standardized allowance. As we noted in our initial comments, PURA does not require but does allow a standardized allowance; arguments to the contrary are without merit. The Solar Associations aver that not only is it within the Commission's jurisdiction to do so as a matter of law, but it is also prudent public policy to remove barriers to development of DERs throughout the ERCOT Region to support reliability and resilience of the ERCOT grid.

$1.5 Million is a Reasonable Allowance

The Solar Associations note that Commenters generally agreed that an allowance of $1.5 million would be adequate to address most interconnections; both CenterPoint[7] and Oncor[8] provided cost information suggesting that $1.5 million would be adequate, while developers stated that the figure also aligned with their experience in developing projects and should cover most interconnection costs.[9] There were parties who noted that size could be relevant to setting the upper bound of the allowance. For example, TNMP

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4 AEP at 1, CenterPoint at 1-2, Oncor at 3-4, TNMP at 1.

5 Base Power at 1, GRIT at 1-2, HEN at 2-3, HGP at 1, Regis at 1, Solar Associations at 3-4, SMT Energy at 1-2, TAEBA at 1.

6 TIEC at 3.

7 CenterPoint at 3.

8 Oncor at 7.

9 East Point Energy at 3, GRIT at 2, HEN at 4-5, Regis at 2, Shell Energy at 1-2, SMT Energy at 3

noted that residential rooftop solar should be considered separately.[10] Similarly, Base Power[11] and GRIT[12] recommended tiers of allowances based on size.

Costs Should be Allocated to TCOS

As the Solar Associations noted in our initial comments, there is no need to develop a new wholesale cost recovery mechanism, as costs can be recovered through TCOS. Both CenterPoint and Oncor suggested that certain FERC accounts in 16 TAC § 25.192(c) related to distribution interconnection could be recategorized,[13] with Oncor further noting that this would not be out of the ordinary, as other distribution accounts are already functionalized to the Transmission function.[14] It would be advantageous to modify existing mechanisms rather than creating new ones.

Standardized Tariff Should be Developed to Promote Transparency and Streamline Interconnection Processes

Numerous parties, including the Solar Associations, filed in support of greater transparency and standardization regarding DER interconnection process and costs as substantial differences exist among the utilities.[15] TIEC suggested that the Commission could develop a pro-forma wholesale distribution tariff, including a Standard Distributed Generation Interconnection Agreement (SDGIA) between DERs and utilities.[16] The Solar Associations agree there is merit to this recommendation to clarify expectations and obligations of the interconnecting parties. Nevertheless, we continue to oppose the

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10 TNMP at 1-2.
11 Base Power at 2-3.
12 GRIT at 3.
13 CenterPoint at 3-4, Oncor at 8.
14 Oncor at 8.
15 East Point Energy at 2, GRIT at 6, HEN at 4, HGP at 4-5, Regis at 2-3, Shell Energy at 3, SMT Energy at 7, TAEBA at 3.
16 TIEC at 9-10.

imposition of monthly distribution charges on DESRs since transmission-connected battery storage is considered wholesale storage load and is not subject to the same charges.

Artificial Charging Limitations Should Be Examined Further

New Leaf Energy raises the issue of charging limitations being set at artificial levels, based on improbable worst-case scenarios in which batteries are assumed to charge during peak hours.[17] The Solar Associations agree this is an issue the Commission should examine further, including consideration of dynamic charging limitations based on real-time substation load as suggested by New Leaf Energy.[18] This is also an issue ERCOT already has addressed for Energy Storage Resources interconnected on the Transmission Grid in instances of emergency conditions.[19]

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[17] New Leaf Energy at 6.
[18] New Leaf Energy at 8.
[19] *See* ERCOT Protocol §§6.5.9.3.4(5), 6.5.9.4.2(1)(b)(ii), and 6.5.9.4.2(3(a).

CONCLUSION

TSPA and SEIA appreciate the opportunity to provide these Reply Comments and look forward to working with the Commission and other interested parties on these issues.

Respectfully submitted,

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EXECUTIVE SUMMARY

- Most commenters are supportive of a standardized allowance and agree that it is within existing legal authority to adopt such an allowance. Most parties agree that greater standardization and transparency around interconnection processes for Distributed Energy Resources (DERs) would address significant barriers faced by DERs and could increase investment, resulting in greater reliability and resilience of the ERCOT system. We agree and encourage the Commission to move forward with speed to clarify policy on the issues raised in this project by adopting a rule by the end of this year.

- Commission rules would benefit from better definitions related to DERs. We recommend that the Commission adopt a definition of DER that is the same definition used in all other organized wholesale markets (i.e., RTOs/ISOs) across the U.S.: "any resource located on the distribution system, any subsystem thereof or behind a customer meter. The broad term DER can then be further subdivided, as necessary.

- PURA does not require but does allow a standardized allowance; arguments to the contrary are without merit.

- Commenters generally agree that an allowance of $1.5 million would be adequate to address most interconnections.

- Costs can be recovered through TCOS, with certain distribution interconnection costs being functionalized to the Transmission function, allowing for existing rate mechanisms to be adapted without creating new ones.

- Additional standardization and transparency in distribution interconnection is necessary and could be accomplished through a pro-forma tariff.

- The Solar Associations agree that artificial charging limitations should be examined further, including consideration of dynamic charging limitations based on real-time substation load.