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PROJECT NO. 54233

TECHNICAL REQUIREMENTS AND INTERCONNECTION PROCESSES FOR DISTRIBUTED ENERGY RESOURCES (DERs)	§ § § §	**PUBLIC UTILITY COMMISSION OF TEXAS**

KEY CAPTURE ENERGY, LLC ("KCE") REPLY COMMENTS ON STAFF DISCUSSION DRAFT PROPOSED CHANGES TO §25.211 AND §25.212

Key Capture Energy, LLC ("KCE") is a developer, owner, and operator of stand-alone battery energy storage projects. KCE has 429.7 MW of battery projects in operation or in construction in Texas, including three 9.9 MW Distributed Energy Storage Resources ("DESRs").

KCE appreciates the opportunity to comment on Commission Staff's discussion draft, which would repeal existing 16 TAC §25.211, relating to Interconnection of On-Site Distributed Generation (DG), and propose new 16 TAC §25.211, relating to Interconnection of Distribution Resources for Parallel Operation, repeal existing §25.212, relating to Technical Requirements for Interconnection and Parallel Operation of On-Site Distributed Generation, and propose new 16 TAC §25.212 relating to Technical and Operational Requirements for Parallel Operation of Interconnected Distribution Resources. KCE focuses our comments on two specific items within §25.212.

1. **§25.212(c)(2)(I) – Each distribution resource must have frequency droop parameters set to 5% at 0.017 Hz.**

KCE recommends modifying this requirement as follows: "Each distribution resource must have frequency droop parameters set to a maximum of 5% at 0.017 Hz." This would appropriately align the requirement with ERCOT's existing rules for frequency droop, which establish the 5% setting as a maximum limit. For example, Nodal Protocols 6.5.7.6.2.2(13) states "Generation Resources providing RRS must have a Governor droop setting that is not greater than 5.0%," and Nodal Protocols 8.1.1.2.1.2 states "Generation Resources and Resources capable of FFR providing RRS shall have a Governor droop setting that is no greater than 5.0%." Therefore, clarifying that the 5% setting is a cap and not fixed value would represent the most reasonable approach.

2. **§25.212(c)(2)(N) – Each distribution resource must meet the reactive power requirements below and must have dynamic voltage support enabled.**

KCE recommends modifying this requirement as follows: "The reactive power requirements for each distribution resource should be coordinated between the DSP and distribution resource and defined within an interconnection agreement." This language better reflects the fact that some DSPs and distribution resources may prefer the distribution resource to operate in unity power factor mode, and this issue should be addressed in interconnection agreements. Therefore, the decision on whether to enable dynamic voltage support or whether to operate at unity power factor should be determined on a case-by-case basis according to the specific needs of each DSP and distribution resource.

KCE appreciates the opportunity to provide comment, and we are happy to address any follow up questions with Commission Staff as needed.

Respectfully submitted,

/s/ Danny Musher .

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KEY CAPTURE ENERGY, LLC ("KCE") REPLY COMMENTS ON STAFF DISCUSSION DRAFT PROPOSED CHANGES TO §25.211 AND §25.212

EXECUTIVE SUMMARY

- Key Capture Energy, LLC ("KCE") is a developer, owner, and operator of stand-alone battery energy storage projects. KCE has 429.7 MW of battery projects in operation or in construction in Texas, including three 9.9 MW Distributed Energy Storage Resources ("DESRs").

- KCE appreciates the opportunity to comment on Commission Staff's draft discussion draft and focuses our comments on two specific items within §25.212.

- **§25.212(c)(2)(I)**: KCE recommends modifying this requirement as follows: "Each distribution resource must have frequency droop parameters set to a maximum of 5% at 0.017 Hz." This would appropriately align the requirement with ERCOT's existing rules for frequency droop, which establish the 5% setting as a maximum limit.

- **§25.212(c)(2)(N)**: KCE recommends modifying this requirement as follows: "The reactive power requirements for each distribution resource should be coordinated between the DSP and distribution resource and defined within an interconnection agreement." The decision on whether to enable dynamic voltage support or whether to operate at unity power factor should be determined on a case-by-case basis according to the specific needs of each DSP and distribution resource.