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PROJECT NO. 54233

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

COMMENTS OF ELECTRIC RELIABILITY COUNCIL OF TEXAS, INC.
ON JUNE 9, 2023 DISCUSSION DRAFT

Electric Reliability Council of Texas, Inc. (ERCOT) submits these comments in response to the Public Utility Commission of Texas (Commission) staff's June 9, 2023, memorandum and request for comments on the redline version of the discussion draft filed in Docket No. 54233 Item No. 2 (Proposed Substantive Rule § 25.210).¹

I. COMMENTS

ERCOT offers the following recommendations and comments on Proposed Substantive Rule § 25.210:

1. Amend the language in Subsection (a) Application.

Subsection (a) of Proposed Substantive Rule § 25.210 describes the entities that are subject to the rule. However, the existing language in Subsection (a) includes distribution service providers (DSPs) in a list of entities that are "interconnected or seeking to interconnect with a DSP's distribution system in the state of Texas." This is redundant and confusing. Without changing the intent of Subsection (a), ERCOT proposes an alternative structure and language for Subsection (a) as reflected below.

Proposed changes:

Replace the existing language with the following:

- (a) **Application.** Except as provided under Public Utility Regulatory Act (PURA) § 35.037, or to the extent provided by federal law, this section applies to:
- (1) distribution service providers (DSPs);

¹ The June 9, 2023 memorandum on the Discussion Draft reflects a new proposed rule titled: "§ 25.210. Interconnection of Distribution Energy Resources (DERs) with a Nameplate Capacity Over 250kW for Parallel Operation." On June 20, 2023, Commission staff filed a memorandum requesting that comments relating to Proposed Substantive Rule § 25.210 be filed by July 21, 2023.

(2) distributed energy resource (DER) providers with DERs that have a nameplate capacity over 250kW interconnected or seeking to interconnect with a DSP's distribution system in the state of Texas; and

(3) DER providers who are required to register with Electric Reliability Council of Texas (ERCOT).

2. ERCOT supports Proposed Substantive Rule § 25.210 applying to DSPs.

Subsection (a) of Proposed Substantive Rule § 25.210 includes DSPs among the entities that would be subject to the rule. The term DSP includes electric utilities, municipally owned utilities (MOUs), or electric cooperatives that own or operate distribution facilities.² And Proposed Substantive Rule § 25.210 includes important reliability requirements, particularly Subsection (c), which requires that a DER provider “must comply with the technical and operational requirements of § 25.212 of this title on an ongoing basis upon interconnection of the DER with the distribution system.” It is important for reliability purposes that all DERs comply with the operational requirements of § 25.212 regardless of whether they are located in competitive, MOU, or electric co-operative areas. As a result, ERCOT strongly supports including DSPs within the scope of entities subject to Proposed Substantive Rule § 25.210.³

3. Change the defined term “distributed energy resource (DER)” to “distributed generation facility.”

Proposed Substantive Rule § 25.210 includes a definition for “distributed energy resource (DER).”⁴ While this term might be used by other national organizations in the industry, ERCOT is concerned that using it in the PUC's rules could introduce unnecessary confusion due to the use of the word “resource.” The ERCOT Protocols define the term “Resource” to refer to “an Energy Storage Resource (ESR), a Generation Resource, or a Load Resource,” which are specific categories of registered generators and loads that are associated with participation in ERCOT markets for energy and Ancillary Services.⁵ Under the proposed definition in the rule, most DERs are unlikely to be Resources under the ERCOT Protocols because they will not likely participate in these markets. Referring to these facilities as “resources” in the PUC rules could

² 16 TAC § 25.5(33) (definition of DSP).

³ ERCOT does not have an opinion on whether the registration requirements in Proposed Substantive Rule § 25.210 that do not affect reliability should apply to MOUs or electric co-operatives.

⁴ See Proposed Substantive Rule § 25.210(b)(4).

⁵ See ERCOT Protocols § 2.1 (definitions of Resource, Energy Storage Resource (ESR), Generation Resource, and Load Resource).

create unnecessary confusion for anyone seeking to understand their obligations under PUC rules and ERCOT Protocols—especially owners of DERs that would be subject to both ERCOT Protocols and PUC rules, only some of which may be registered with ERCOT as “Resources.” This term could also generate confusion in the ERCOT stakeholder process as Protocols and other ERCOT rules governing DERs continue to be developed. ERCOT proposes that the Commission consider changing the term “distributed energy resource (DER)” to “distributed generation facility” because that term would not raise the same potential for confusion.

If part of the rationale for using “resource” might have been to accommodate the inclusion of energy storage facilities within the rule, ERCOT suggests this is unnecessary. Storage facilities should already properly be considered “generators” in the most fundamental sense because they generate electricity from chemical energy. Section 35.152(a) of the Public Utility Regulatory Act (PURA) classifies storage facilities as generators, as does Section 5.2.1(2) of the ERCOT Planning Guide. ERCOT’s Protocols distinguish between Generation Resources and Energy Storage Resources only because the unique operating characteristics of Energy Storage Resources have warranted a substantial number of additional requirements that justified creating a new term. But storage facilities should still be considered “generators” in a general sense.

4. Change the defined term “DER provider” to “DER operator.”

Irrespective of whether and how the Commission may choose to resolve ERCOT’s concern with the term “distributed energy resource” (see issue 3, above), ERCOT also suggests the Commission reconsider the use of the term “DER provider.”⁶ The term suggests that someone is providing a DER to someone else, but it is unclear what that means. It might be interpreted, for example, to refer to the vendor who sold the DER to the owner even when the vendor does not operate the DER. The term DER provider is defined as “[a]ny entity operating a DER in Texas.”⁷ If the term is meant to apply to the party who operates the DER, then changing the term to “DER operator” would provide improved clarity and alignment between the term and its definition.

⁶ See Section (b)(5) of Proposed Substantive Rule § 25.210.

⁷ See *id.*

II. CONCLUSION

ERCOT appreciates the Commission's consideration of these comments and would be pleased to provide any additional information that may be needed.

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Respectfully Submitted,

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ATTACHMENT A

EXECUTIVE SUMMARY OF ERCOT'S COMMENTS

1. ERCOT recommends amending the language in Subsection (a) of Proposed Substantive Rule § 25.210 with alternative language provided herein.
2. ERCOT supports Proposed Substantive Rule § 25.210 applying to all DSPs, including MOUs and electric co-operatives.
3. ERCOT recommends changing the defined term “distributed energy resource” to “distributed generation.”
4. ERCOT recommends changing the defined term “DER provider” to “DER operator.”