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PROJECT NO. 54233

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

**TEXAS-NEW MEXICO POWER COMPANY’S COMMENTS ON COMMISSION
STAFF’S REDLINE DISCUSSION DRAFT OF 16 TAC § 25.210**

TO THE HONORABLE PUBLIC UTILITY COMMISSION OF TEXAS:

Texas-New Mexico Power Company (“TNMP”) submits these comments in response to Commission Staff’s redlines to the discussion draft of proposed 16 Tex. Admin. Code (“TAC”) § 25.210 related to portions of the interconnection rule for distributed energy resources (DERs) with a capacity over 250 kilowatts (“kW”). TNMP appreciates Staff’s request for written comments and its discussion with interested parties at the June 16th and June 30th workshops in this project.

As a preliminary matter, TNMP continues to support Staff’s proposal to adopt a new rule for large DERs (or DERs that will interconnect into ERCOT) separate from rules that are applicable to small DERs. The rules applicable to small DERs with a capacity of 250 kW or less (16 TAC § 25.211 and § 25.212) are appropriate for the operational, technical, and regulatory requirements for those DERs, but large DERs that interconnect to ERCOT have additional requirements and considerations. As § 25.212 is currently being amended, TNMP appreciates the opportunity to provide any comments to those changes and to further comment on the proposed § 25.210 in light of those changes.

In response to Staff’s discussion draft of § 25.210 and Staff’s June workshops, TNMP provides the following comments to certain provisions of the currently proposed language.

(b)(1) Allowable Expenditure. The proposed definition for “Allowable Expenditure” is vague and the purpose for such expenditures is unclear. TNMP does not currently have allowable

expenditures included in its tariff. TNMP, therefore, recommends that the definition and related references in the rule be deleted. If the definition is included in the rule, TNMP requests that the types of expenditures are clarified in the definition and conditional for any DSP's tariff that does not include such expenditures.

Removed b(8) and b(9) Interconnection agreement and Interconnection application.

Definitions for both "interconnection agreement" and "interconnection application" would clarify the rule provisions. The struck definitions should be retained.

(b)(13) Substantial modification. TNMP recommends deletion of the "substantial modification" definition as unnecessary because the term is not used in the current draft of the rule. If the rule language is changed to include the term, TNMP requests removal of the qualifier of "more than 10%." A 10% modification, especially a 10% *increase*, could be overburdensome to accept depending on which area of the circuit the increase falls. A "substantial increase" could begin, in some areas, at a much lower percentage increase, and therefore should not be suggested by the language of the rule that 10% is the beginning of the "substantial modification" threshold.

(c)(1) Requirement for interconnection of a DER. TNMP supports keeping the technical and operational requirements for DER interconnections in the rule to be compliant with § 25.212. In response to commenters at the workshops requesting that additional requirements be included in the rule, it would not be feasible to include all such requirements in a rule because DSPs have differing technical and system designs. The most efficient and least disruptive way to codify the technical specifications for this subsection is to maintain compliance with the requirements in § 25.212.

(d)(1) Prohibited costs. The proposed language of this section prohibits a DSP from charging a DER provider for the disconnection of a DER at the order of a DSP in accordance with

subparagraph (3)(D)-(E). Given that subsection (c)(2) requires the DER to have an interconnection agreement with the DSP using the agreement prescribed by the commission, it is more reasonable to address issues of cost allocation and redistribution through the agreement instead of through a Commission substantive rule. The allocation of cost for potential disconnections is more appropriately addressed through an agreement between the DER and DSP, and codifying the allocation in a Commission rule will be overburdensome to the extent the allocation would need future adjustment.

(d)(3)(C) DER non-compliance. The proposed language of this subsection requires a DSP to have an inspector verify a DER's technical and operation requirements for reconnection. The language is unclear on to whom the cost burden of hiring the inspector will fall. For a DER's non-compliance issue, the cost of hiring an inspector should fall on the DER who is not in compliance. Further, the language should specifically grant the DSP the ability to choose the inspector based on the requirements and complexities of the DSP's distribution system.

(g)(3) Contribution in aid of construction. The proposed language in this subsection requires a DSP to abide by several parameters to facilitate the interconnection of a DER. Similar to the cost-shifting provisions suggested in subsection (d)(1), the construction of the interconnection of a DER is subject to several variables, and the process should be developed between the DSP and DER instead of codified in the Commission rules. Further, the time limits imposed on the DSP in subsections (B)(i), (C), and (D) are burdensome and would not be possible in all scenarios. For example, in subsection (C), the requirement for a DSP to "commence procurement of additional facilities" no later than 30 calendar days after the payment in full is somewhat arbitrary and would not be possible due to supply chain issues, operational constraints, and other limitations of internal and external resources. The time limits for these requirements are

unnecessarily rigid and should adjust depending on the size, location, timing and complexity of the interconnection. If time limits are necessary, 90 days would be feasible.

Hosting capacity. TNMP disagrees with the proposal for utilities to submit resource plans or hosting capacity plans for DERs. First, TNMP is concerned about the unknown costs of analyzing and preparing such plans. This is particularly a concern because of the dynamic nature of any DSP's distribution system and the capability of the system to integrate a DER change quickly and becomes stale. Additionally, it is not clear whether cost recovery could be timely implemented without deviating from standard cost causation principals and/or impacting rate payers that are not DER providers. Moreover, it would be overly burdensome for a utility to maintain current capacity information via online maps shared with the public, likely requiring an entirely new software system and means of tracking information. Further, publishing hosting capacity of the utility systems to the public could impose a danger to the safe and reliable operation of the system. Allowing anyone in the public access to detailed capacity information for the distribution systems could be dangerous for the safe operation of the system. TNMP will continue to collaborate with the other TDUs and stakeholders to seek alternative solutions for providing useful information to potential DER providers.

(e) Pre-screen study. At the June 30 workshop, a suggestion to add an estimated cost to the pre-screen study requirements was proposed. TNMP does not believe that DSPs should be responsible for providing estimated costs. The expense of engineering options available is often a wide range, and any further specific estimated costs would be impractical for a DSP to provide. DSPs may be able to offer judgment on the different costs as part of an ongoing discussion during the pre-screen that would be more efficient and practicable as part of the pre-screen process.

(f)(1)(C): Providing alternatives to a DER if an interconnection application is rejected is impractical, complicated, and would raise anti-competitive concerns for a DSP. It also encroaches on the business judgment of DER providers. TNMP would be willing to, and does, have conversations with DERs of the relevant size about why applications are, or could be, rejected, as well as what areas of the DER's application need to be addressed before it can interconnect. TNMP supports continuing discussions of that nature.

(f)(2) Impact Study. The proposed language in this subsection is inconsistent with the proposed timing of the pre-screen study in subsection (e). The language for the timing in the impact study should follow the parameters of the pre-screen study in allowing for adjustments in timing, if circumstances necessitate. The impact studies are more onerous than the pre-screen studies, and the DSPs should be allowed additional time to thoroughly and thoughtfully complete those studies.

(f)(2)(C)(i): TNMP suggests striking the "economic operating limits" language from this subsection because requiring a DSP to provide studies based on such varying economic factors is not feasible. This requirement places a burden on the DSPs to evaluate a number of variables, which the DER could alter at any time, and the impact study should be done on the firm physical limiting factors (not economic factors) that affect a DSP's system.

Time requirements proposals in (f)(2)(B) and (D): The proposed extension of time requirements for these subsections are welcome and necessary, and perhaps not extended enough, for projects that will become dispatchable DERs or provide ancillary services to the grid. The studies for these types of projects are much more extensive and complex and requiring more modeling and analytics than other studies such as for settlement-only projects. TNMP suggests including language that could accommodate bifurcated time frames based on the type of DER. For

settlement-only DERs, DSPs may be able to meet shorter time frames such as 60 days for subsection (B). For dispatchable DERs, a longer time frame of at least 90 days may be necessary.

TNMP appreciates the opportunity to provide these comments on Staff's discussion draft of § 25.212 and looks forward to working with Staff and stakeholders in this project.

Respectfully submitted,

/s/ Scott Seamster

Scott Seamster

State Bar No. 00784939

Associate General Counsel

**TEXAS-NEW MEXICO POWER
COMPANY**

577 N. Garden Ridge Blvd.

Lewisville, Texas 75067

214-222-4143

214-222-4156

scott.seamster@pnmresources.com

**ATTORNEY FOR TEXAS-NEW
MEXICO POWER COMPANY**