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PROJECT NO. 54233

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

COMMENTS OF CONSERVATIVE TEXANS FOR ENERGY INNOVATION IN SUPPORT OF INTEROPERABILITY AND OPEN COMMUNICATIONS STANDARDS

COMES NOW Conservative Texans for Energy Innovation (CTEI) and files these comments supporting distributed energy resource (DER) interoperability and open communication standards. CTEI is a non-profit clean energy education and advocacy organization composed of thousands of Texans seeking to promote energy innovation and clean energy policies grounded in the conservative principle of common sense, market-based solutions that allow fair competition and provide greater access to clean, affordable, and reliable energy.

Both Autogrid and Octopus Energy have recently filed comments in this proceeding advocating for the Commission's adoption of industry standards related to interoperability and open communication standards. Autogrid noted that a lack of open standards and interoperability would leave megawatts of flexible demand unmanaged, while Octopus Energy cited specific instances in which its retail customers have desired to participate in a DER aggregation with the company, but the lack of interoperability precluded their participation. CTEI is concerned that a lack of interoperability and open communications standards will exclude customers from the opportunity to participate in DER aggregations, and, as a result, competition will be compromised to the detriment of Texans. For these reasons, CTEI supports adoption of interoperability and open communications standards and submits these comments on the record in support of comments filed by both Autogrid and Octopus Energy.

COMMENTS

Since the inception of retail competition in ERCOT more than 20 years ago, the Commission has made a variety of policy choices that seek to foster competition and protect customers. For example, the Commission decided at the onset of competition that it would be beneficial to standardize operational rules that apply to retail electric providers (REPs) by adopting a pro-forma transmission and distribution service provide tariff, uniform data transaction processes among entities (utilities, REPs, and ERCOT), and a comprehensive set of customer protection rules applied uniformly across all the competitive market areas in ERCOT. This standardization has served the market well by providing one set of rules on which customers and market participants can rely, reducing REP barriers to entry and facilitating more robust competitive markets.

As the market continues to evolve, technological innovation and changing economics have placed us at an inflection point for the proliferation of DERs and virtual power plants (VPPs) that can be established through aggregation of those DERs. A 2023 study by the Brattle Group indicates that DER ownership is expected to grow by several multiples within the next decade due to declining DER costs, advancements in technology, a wider array of products available to consumers, and a variety of public policies and incentives.[1] These DERs include technologies such as rooftop solar, back-up batteries, electric vehicles, electric water heaters, and heat pumps with smart thermostats. ERCOT's Aggregated DER (ADER) pilot project of Tesla's Powerwalls barely scratches the surface with respect to the potential technologies and value that DERs and VPPs could be bringing to the market.

Additionally, Brattle also found that VPPs are the only resources that have the potential to provide resource adequacy with a negative net cost to society; stated differently, the potential value

[1] The Brattle Group, Volume I: Summary Report, "Real Reliability: The Value of Virtual Power," May 2023 at 9. https://www.brattle.com/insights-events/publications/real-reliability-the-value-of-virtual-power/

of VPPs outweighs their costs.[2] As an entity that represents actual Texans who consume energy in this state, CTEI notes that the upfront costs to acquire and install these DER resources are incurred by Texas consumers for their benefit. Many Texans have felt a need following Winter Storm Uri to protect themselves and their families with home solar plus storage, sometimes with additional energy efficiency measures, for improved personal reliability and resilience and to ensure survivability the next time such an extreme weather event happens. Similarly, these same Texans should be afforded the opportunity to reap the most value possible from the assets in which they have invested. Like Texas businesses, individual Texas consumers should have the opportunity to participate in all electricity markets available as energy entrepreneurs. Commission rules should foster customer participation in all available markets, including energy and ancillary services, as well as future distribution system services as markets evolve to allow for VPP delivery of voltage support, peak shaving and other services that could enhance distribution system operation and reliability and bring additional value to retail customers and the system. In short, Texas customers should be protected and prioritized, rather than protecting any one business model or a particular company's proprietary hardware or software. The current lack of communications standards limits a customer's ability to maximize the value of multiple smart devices in their home in a way that also can benefit the grid. A customer should not have to pick only one device to enroll in an aggregation just because each of the devices have their own proprietary and closed communication protocols. In addition, Texas customers should be able to freely switch among REPs and VPPs without being prisoner to proprietary vendor hardware and software and locked into a walled garden. The Commission should require implementation of national standards IEEE 1547-2018 and UL 1741 SB to not only ensure interoperability and open communications standards, but also reliable operation of DERs on the electric grid.

[2] Ibid., at 26.

It is critical to note that Brattle explicitly cites a lack of communications standards, both between devices and with the grid, as a key technological barrier to VPP deployment that must be overcome.[3] Ensuring that equipment vendors and REPs must follow open communications standards and interoperability protocols is critical to ensuring fair and open competition and is within the Commission's jurisdiction in this rulemaking. Adopting open standards and uniform rules is just as important in the emerging VPP markets as it was at the onset of retail competition 20+ years ago, so that customers can freely switch between REPs and VPPs, regardless of their DER equipment vendor(s). CTEI respectfully requests, therefore, that the Commission include the adoption of such standards in this rulemaking to protect customers, foster competition, and ensure resource adequacy at a lower cost.

CONCLUSION

CTEI appreciates the opportunity to provide these comments and looks forward to working with the Commission and stakeholders to ensure that the benefits of competitive markets can be extended to emerging VPP markets. We urge the Commission to pursue policies that aggressively support the deployment of DERs and VPPs and promote active customer participation in ERCOT markets.

Respectfully submitted,

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[3] Ibid., at 30.