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PROJECT NO. 54233

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

TEXAS-NEW MEXICO POWER COMPANY'S COMMENTS ON DISCUSSION DRAFT OF NEW 16 TAC §25.210, AMENDMENTS TO §25.211 AND REPEAL AND REPLACEMENT OF §25.212

TO THE HONORABLE PUBLIC UTILITY COMMISSION OF TEXAS:

Texas-New Mexico Power Company (TNMP) submits these comments in response to the Discussion Draft of New 16 Tex. Admin. Code (TAC) §25.210, Amendments to §25.211 and Repeal and Replacement of §25.212, filed on May 14, 2025. TNMP appreciates Staff's time and attention to this important rulemaking.

TNMP understands that further discussion and revisions to the draft proposed rules may be forthcoming. However, in the interim, TNMP provides the following comments to the specific questions raised by the Staff and on certain limited provisions of the discussion draft of proposed language. As requested, the last page of this filing contains a standalone executive summary containing a bulleted list of TNMP's substantive recommendations.

A. Specific Issued Raised by the Staff

TNMP provides the following responses to the two specific issues raised by the Staff:

1. **What factors and risks should the commission consider when weighing technological innovations against the need for standardized DER technical requirements, including how such standardized requirements may relate to the safety of utility personnel?**

Given the extremes of Texas weather combined with continued growth projections for Distributed Energy Resources (DER) across all utility systems, safe and reliable operations will be best served by the Commission's adoption of the technical standards found in the Institute of

Electrical and Electronics Engineers (IEEE) 1547-2018 Performance Category III. Category III provides the highest disturbance ride-through capabilities and addresses known DER integration issues such as power quality and system overloads caused by DER tripping. Adopting Category III settings would provide all Distribution Service Providers (DSP) and ERCOT increased bulk power system security by reducing the potential loss of DERs during future bulk system events. TNMP may provide additional comments in response to issues raised by other stakeholders

2. Whether and to what extent §25.210 (>250 kW "large" DER interconnection standards) should apply to municipally-owned utilities and electric cooperatives.

TNMP does not have comments on this issue at this time, but may provide comments in response to issues raised by other stakeholders.

B. TNMP's Comments on Certain Provisions of Proposed Rule §25.210

(d)(2)(D)(i)-(ii): TNMP requests clarification regarding the intent and requirements for implementation in these provisions. As drafted, the provisions appear to require DSPs to provide preferential treatment and services to DERs that are not provided to other customers of the DSP. If that is the Commission's intent, any such provisions would need to comply with the Public Utility Regulatory Act (PURA). Additionally, any such provisions would be costly and place new administrative burdens on DSPs to notify, repair, and reconnect DERs in a specific manner or prioritization that is not done for the DSP's other customers, particularly where safety and reliability may necessitate other actions of the DSP. Finally, subsection (ii) should be clarified to confirm that it is not requiring DERs to be treated as critical load and critical care customers.

(f)(i)(C)(iii): TNMP suggests that this provision be revised to delete subsections (I) and (II) as unnecessary and requiring disclosure of customer information to a DER, which is prohibited under other Commission rules. As a preliminary matter, it is unclear what "capacity" refers to in this subsection - generation capacity, load capacity, or something different. Further, the requirement that all planned projects have an executed agreement for energization is untenable. There are various reasons that planned projects could be anticipated by a DSP but not have an executed agreement in place or be in the process of negotiating an agreement. For instance, many small commercial and residential projects may not involve an executed agreement for energization, yet a DSP may have to anticipate capacity for those projects in planning its system. These subsections as written would mean that a DSP could not anticipate future capacity needs for any project that did not involve an executed agreement. Moreover, depending on the system's capabilities and constraints at any given location, DSPs may need to limit the number of large generators that can be connected to each substation. Accordingly, DSPs must have the sole discretion to determine how their systems can be safely operated.

(f)(1)(D): TNMP suggests amending this subsection to state: "A DSP may suspend or decline to accept an interconnection application if…" This subsection creates an administrative burden for DSPs. This burden would be alleviated by not requiring DSPs to track large numbers of applications for parts of the system that may be at capacity and/or already have impact studies pending.

(f)(2)(B): TNMP suggests amending this section to state: "The DSP must use good-faith efforts to complete the impact study and provide the study results to the DER operator

within 60 working days, but not to exceed 90 working days, after the DSP's receipt of the study fee and all information required by the DSP to initiate the impact study." This change is intended to address situations where a DER pays a study fee but does not provide all information required by the DSP to perform an impact study. The DSP cannot perform the impact study if the DER does not first provide all necessary data.

(f)(2)(C): TNMP suggests removing subsection (iii). An estimate of itemized cost cannot be generated until certain engineering work is performed, which may not have occurred when the impact study is performed.

(f)(3)(a)(ii): TNMP suggests amending this provision to state:

(I) evidence that all necessary easements have been obtained by the DER operator, ~~and~~

(II) payment of the CIAC by the DER operator to the DSP, and

(III) all equipment and materials necessary for construction and interconnection.

Certain equipment and materials are not kept in normal inventory by the DSP and are only ordered after receipt of payment by DERs. Due to long lead time equipment, supply chain issues, or other situations outside the DSP's control, a significant amount of time may elapse between when the order is placed and when the material is received. TNMP's proposed change recognizes that construction may not be able to commence until all of the necessary equipment and materials are received.

(f)(4): TNMP suggests modifying this provision as follows: "The DER operator and DSP must coordinate to complete all interconnection and interoperability equipment testing before the later of the commercial operations date specified in the executed interconnection agreement or 30 days after completion and approval of all ERCOT required testing by the DER." ERCOT testing and approvals are needed before the DER and DSP can perform all interconnection and interoperability equipment testing.

C. TNMP's Comments on Proposed Amendments to §25.211

(c)(5): TNMP suggests that 30 days may not be a sufficient amount of time for DSPs to finalize and implement new tariff amendments and requests that the subsection be revised to 45 days or 60 days.

(e): TNMP recommends revising this subsection to require DERs to be subject to demand charges if the DERs are disconnected but set a higher demand when they are reconnected, just like other rate classes.

D. TNMP's Comments on Repeal and Replacement of §25.212

As stated above in response to Question 1 from the Staff, TNMP recommends adoption of the technical standards in IEEE 1547-2018 Performance Category III as applicable to the technical requirements in the rule.

E. Concluding Remarks

TNMP appreciates the opportunity to provide these comments to the Staff and looks forward to working with Staff and stakeholders in this project. As requested, the last page of this filing contains a standalone executive summary containing a bulleted list of TNMP's substantive recommendations.

Respectfully submitted,

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ATTORNEY FOR TEXAS-NEW MEXICO POWER COMPANY

Executive Summary of Texas-New Mexico Power Company's Comments on the Discussion Draft of New 16 Tex. Admin. Code §25.210, Amendments to §25.211 and Repeal and Replacement of §25.212

TNMP provides the following limited comments to the discussion draft of the proposed rules:

- **§25.210 (d)(2)(D)(i)-(ii):** Clarify the intent and requirements for implementation of these subsections, which appear to require DSPs to provide preferential treatment and services to DERs that are not provided to other customers. If that is the Commission's intent, any such provisions would need to comply with PURA. Any such provisions would be costly and place new administrative burdens on DSPs to notify, repair, and reconnect DERs in a specific manner or prioritization that is not done for the DSP's other customers, particularly where safety and reliability may necessitate other actions of the DSP. Subsection (ii) should be clarified to confirm that it is not requiring DERs to be treated as critical load and critical care customers.

- **(f)(i)(c)(iii):** Revise this section to strike subsections (I) and (II).

- **(f)(1)(D)** Revise this section to state: "A DSP may suspend or decline to accept an interconnection application if…"

- **(f)(2)(B)** Revise this section to state: "The DSP must use good-faith efforts to complete the impact study and provide the study results to the DER operator within 60 working days, but not to exceed 90 working days, after the DSP's receipt of the study fee and all information required by the DSP to initiate the impact study."

- **(f)(2)(C):** Strike subsection (iii).

- **(f)(3)(a)(ii):** Revise this subsection to state:

  (I) evidence that all necessary easements have been obtained by the DER operator,
  (II) payment of the CIAC by the DER operator to the DSP, and
  (III) all equipment and materials necessary for construction and interconnection.

- **(f)(4):** Revise this section to state: "The DER operator and DSP must coordinate to complete all interconnection and interoperability equipment testing before the later of the commercial operations date specified in the executed interconnection agreement or 30 days after completion and approval of all ERCOT required testing by the DER."

- **§25.211 (c)(5):** Revise to 45 days or 60 days for DSPs to implement new tariff amendments.

- **(e):** Revise to require DERs to be subject to demand charges if the DERs are disconnected but set a higher demand when they are reconnected, just like other rate classes.

- **§25.212:** Revise to adopt the technical standards in IEEE 1547-2018 Performance Category III as applied to the technical requirements in the proposed rule.