



## **Filing Receipt**

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**PROJECT NO. 55182**

**TRANSMISSION AND DISTRIBUTION SYSTEM CIRCUIT SEGMENTATION STUDY § PUBLIC UTILITY COMMISSION OF TEXAS §**

**HUNT ENERGY NETWORK, L.L.C.'S RESPONSE TO COMMISSION STAFF'S REQUEST  
FOR COMMENT ON DISTRIBUTED ENERGY RESOURCE QUESTIONS**

Hunt Energy Network, L.L.C. ("HEN") submits this response to the Public Utility Commission of Texas ("PUCT" or "Commission") Staff's request for comment on questions concerning the implementation of the transmission and distribution utility ("TDSP") circuit segmentation study of its transmission and distribution system. Commission Staff requested comments by September 7, 2023, and therefore, these comments are timely filed.

HEN appreciates the opportunity to submit these comments and looks forward to working with the Commission and other stakeholders to enhance the impact of this study.

**I. INTRODUCTION**

Of all the legislation to come from the 88<sup>th</sup> Legislature, this provision is perhaps the most important one for the future of Texas. On its face, PURA §38.078 addresses the inability of Transmission and Distribution Utilities ("TDUs") to adequately conduct rolling outages during the 2021 winter storm. The required study will help TDUs determine how to break up the circuits that host significant numbers of critical facilities into smaller segments for outage management purposes, enable more granular and flexible outage management, and identify feeders with critical facilities that, if equipped with facility-specific backup power systems and segmentation, can enhance the utility's outage management flexibility,<sup>1</sup> all of which will save lives. But with leadership from this Commission, the provision can do so much more: it should kick off the process of meaningful distribution grid modernization, under which the former one-way delivery conduit of the past is transformed into the two-way enabler of the robust and diverse 21<sup>st</sup> century distributed power system. This requires segmentation of the distribution system not only for purposes of managing load shedding, but also for isolating distributed resources, enabling them to deliver much-needed energy and ancillary services to the ERCOT market.

HEN therefore recommends expanding the Draft Order in this proceeding to require the TDUs to also study segmentation of distributed resources, not just critical load facilities and load shed management. The Draft Order should also require the TDUs, and provide the opportunity for other interested stakeholders, to lay out their visions for a modernized distribution system that takes full advantage of distributed resources. Ultimately, if we are going to spend customer dollars for

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<sup>1</sup> Discussion Draft Order, Project 55182, filed on August 30, 2023.

segmentation, we shouldn't have to spend them again for modernization. Let's do it all as part of a consistent vision, starting today. The circuit segmentation study should be considered the initial step in a multifaceted solution set in which the full capabilities of the distribution system are optimized for the evolving grid. The challenges facing the Texas grid are numerous and multidimensional, necessitating an "everything" approach. Therefore, we urge the Commission to not only view this study for what it is, but what it can and should be: the first step toward a bi-directional grid.

## **II. PROPOSED CHANGES TO THE DRAFT ORDER**

As an early developer of both energy storage resources ("ESRs") and distribution generation resources ("DGRs"), HEN has experienced both the fruits of wholesale generation market deregulation and the challenges of an evolving industry. Included in these challenges have been the limits to participation of DGRs in certain ERCOT ancillary service markets when connected to load shed feeders<sup>2</sup>, restrictive state of charge ("SOC") requirements for ESRs participating in Non-Spin and ERCOT Contingency Reserve Service ("ECRS")<sup>3</sup>, and unequal access to interconnection points due to the opaque nature of distribution utility ("DSP") operations. At a minimum these barriers significantly reduce the pool of possible DGR participation and increase the difficulty of siting DGRs closer to loads; particularly those located toward the end of a radial feeder where these demand-side solutions can be very beneficial. HEN is optimistic that these barriers can be addressed and eventually eliminated, but it will require the Commission's foresight to ensure that the segmentation study is not myopic or too narrow in its implementation.

Upgrades to the TDU feeder sectionalizing capabilities and metering systems may provide the most immediate, impactful opening for DER participation. Sectionalizing involves installing switches at strategic locations along a feeder circuit that can be controlled by the distribution operator to isolate a single metering location or small groups of metering locations. This is a more precise way of managing the distribution grid and allows for isolating and segmenting defined microgrid installations or single DERs from other customers. Requiring sectionalizing is an important improvement that could be made now, without requiring significant changes to ERCOT's systems and it would provide significant benefits for the reliability and resiliency of the ERCOT grid. Strategic placement of feeder sectionalizing equipment will allow the distribution operator greater operational granularity and flexibility to shed smaller, more discrete blocks of load rather than entire feeders and allow DERs to remain interconnected to provide energy and ancillary services.

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<sup>2</sup> ERCOT NPRR 1171, which was adopted by the ERCOT Board of Directors on August 31, 2023, would allow DGRs located on a load shed feeder to have limited participation in Non-Spin and Reg Down, but no other ancillary services.

<sup>3</sup> See i.e. ERCOT NPRR 1096.

One simple example of sectionalizing is the use of reclosers. HEN tends to locate its DGR facilities adjacent to TDU substations. Sometimes, we are fortunate to find that there is an open bay in the substation for us to use for our interconnection (thus creating a dedicated feeder for the DGR). Other times, it makes sense to interconnect the generation or storage facility on a nearby feeder, but to place a recloser further along the feeder after the DGR point of interconnection. The recloser is a device that allows the load to be shed downstream of the recloser, while keeping the DGR connected to the grid, permitting the DGR to deliver energy and/or ancillary services to the grid. This is a simple, faster, less expensive alternative to requiring the construction of a new feeder bay in the substation. In HEN's experience, the TDUs are not of uniform mind on the use of reclosers in this way and would instead require the construction of a new substation bay and an attached dedicated feeder. Standardizing an approach on the use of reclosers not only satisfies one of the goals of PURA §38.078, it also facilitates a greater integration of DERs in a reliable and cost-effective way. This is the sort of "two wins for the cost of one ball" vision that should permeate this Project.

The opportunity here not only relates to supply options such as DGRs, but also to demand response from microgrids or other DERs. With the accelerating growth of electricity demand it is critical that this study function as the sleeve through which rapidly deployable, demand-side solutions can be brought to the market.

Further, although pre-approval of costs was removed from the proposed legislation prior to adoption, Commission review of these utility grid modernization plants should provide appropriate assurance of prudence. In the same way that the adoption of TCOS and expedited CCN processing led to a rapid buildout of the transmission grid over the past generation, a similarly clearheaded regulatory vision will help our utilities move forward with dispatch.

HEN therefore proposes that the Draft Order be amended to add an additional item under "Distribution Systems" on page 3:

12. The circuit segmentation study of the distribution system must include an analysis of the equipment and measures that can be utilized to isolate and segment DGRs from load shed circuits, including estimates of capital costs, time and required equipment, and include recommendations for segmentation of DGRs in its analysis.

HEN also generally agrees with the points raised in the comments filed by Alison Silverstein Consulting and supports her recommendations for a new item 18 to be added to the Draft Order requiring a public summary of the TDU report.

### **III. CONCLUSION**

HEN appreciates the Commission's consideration of these comments and looks forward to further discussions with the Commission, Commission Staff, and stakeholders to develop a PURA 38.078 compliant process that not only saves lives but also lays out a roadmap for a distribution system across Texas that is as reliable and modern as our competition-enabling transmission grid is.

This matters to us because we believe the future of the grid is a decentralized, democratized and digitized one that won't come to pass without a fully modern and multi-functional distribution network.

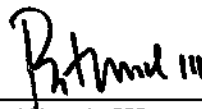
Respectfully submitted,

**HUNT ENERGY NETWORK, L.L.C.**



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