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PROJECT NO. 56966

GOAL FOR REDUCING § BEFORE THE
AVERAGE TOTAL RESIDENTIAL § PUBLIC UTILITY COMMISSION
LOAD ENERGY RESOURCES § OF TEXAS

**BASE POWER COMPANY’S COMMENTS IN RESPONSE TO STAFF’S PROPOSAL
FOR PUBLICATION**

Introduction:

Base Texas REP, LLC (“Base Power”), REP License #10338, appreciates the opportunity to comment on the Proposal for Publication (“PPF”) of new 16 Tex. Admin Code (“TAC”) §25.186, relating to the Goal for Average Total Residential Load Reduction, approved by the Public Utility Commission of Texas (“Commission”) on August 29, 2024, in this project. We support the Commission’s focus and attention on behind demand response (DR) initiatives. We provide below some comments on positions we support and also express several concerns about mandating such programs for all retail electric providers (REPs).

SPECIFIC COMMENTS ON STAFF’S PROPOSAL FOR PUBLICATION

General Support of Current Language

Base Power supports the language in the Commission’s Proposal for Publication that allows REPs to offer demand response programs “where reasonably available”. This flexibility is critical for ensuring that REPs can adopt DR strategies that are aligned with their business models, customer needs, and technical capabilities. A blanket requirement, as proposed by other stakeholders within this project, would impose an unnecessary and burdensome mandate on REPs, particularly those that do not rely on the specific smart appliances or devices required for traditional DR programs.

The flexibility offered in the current proposal recognizes the diversity in REP service models and appropriately acknowledges that a one-size-fits-all requirement is not practical. Base Power, for example, focuses on residential battery systems rather than smart thermostats or other appliances typically used in DR programs, but without the need to control customers’ appliances. A mandate requiring us to implement or purchase a separate DR system would not only be

duplicative but also contrary to our customer-focused approach, which prioritizes maintaining customer control over their own energy usage.

A blanket rule requiring all REPs to adopt a demand response program or partner with a third party is overly burdensome and does not meet the intent of the original goal outlined in SB 1699.

Opposition to a Blanket Demand Response Mandate

We would oppose a requirement for all REPs to offer demand response programs, as we believe this approach misinterprets the intent of SB 1699. The statute allows for flexibility in how REPs meet the goal of reducing residential load, and the Commission's proposed rule reflects this flexibility. A mandatory DR requirement would limit innovation and force REPs to adopt solutions that may not be the best fit for their business model or customers. It could also create an uneven playing field, where other stakeholders, which already have DR systems in place, would gain a competitive advantage over smaller or more specialized REPs, like Base, that focus on other demand management technologies.

The Texas electricity market provides customers with the utmost empowerment and opportunity to choose a product that works best for them. The blanket requirement mentioned above could jeopardize foundational fair market principles by creating a monopoly for market participants that already have the technology available to incorporate smart devices to REP operations. We believe the current market structure provides adequate choice for customers while also allowing for competitive pricing that can be device conditional.

Exclusion for REPs Offering Energy Storage Systems

If a requirement is adopted, we strongly recommend that REPs which provide energy storage systems be excluded from application of additional mandates. Energy storage systems, like those offered by Base Power, provide significant benefits to the grid by reducing peak demand and shifting energy consumption to off-peak times. These benefits align with the goals of DR programs—namely, reducing stress on the grid during peak periods and providing a cost-saving mechanism for customers—while allowing customers to retain control over their energy usage, especially during critical times such as the summer and winter seasons.

Batteries enable customers to manage their energy use more effectively, responding to grid conditions without needing to adjust their daily routines or participate in a traditional DR program. Forcing REPs like Base to implement an additional DR program would be an undue burden, as our systems already achieve the grid benefits intended by the rule.

Executive Summary of Base Power Company

- Base recommends exclusion of residential batteries from application of the proposed rule.
- Base opposes any mandated blanket requirements for all REPs to adopt a specific DR program.
- Base also emphasizes the recommendations made by SPEER included below:
 - Replacing "responsive device program" with "demand response program" for flexibility in designing demand response programs for residential customers.
 - Establishing a framework to allow for REP's to compensate residential customers for participation in demand response programs.
 - Under §25.186(d)(1)(A-B) removing the ESI ID requirement in favor of a broader total customers enrolled would provide REPs an easier reporting requirement which may otherwise disincentivize REPs from participating or potentially create privacy concerns for customers.

Respectfully submitted,

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