



Filing Receipt

Filing Date - 2025-04-03 11:29:15 AM

Control Number - 57236

Item Number - 39

PROJECT NO. 57236

**PROJECT TO DEVELOP THE TEXAS § PUBLIC UTILITY COMMISSION
BACKUP POWER PACKAGE §
PROGRAM § OF TEXAS**

**COMMENTS OF
TEXAS ELECTRIC COOPERATIVES, INC.**

Texas Electric Cooperatives, Inc. (TEC) respectfully submits these comments following the Backup Power Package Program Workshop, hosted by Commission Staff on March 20, 2025.¹ TEC is the statewide association of electric cooperatives operating in Texas, representing its members except as their interests may be separately represented.² Staff requested comments by April 3, 2025. These comments are timely filed.

Question 1. C. - How can contracts for alternative ownership models and financing mechanisms be structured to comply with statutory requirements? If these models and mechanisms are considered, what metrics could effectively measure value, performance, and compliance for the TBPP program?

I. Ownership Models

This question centers around the issue of alternative ownership models. TEC reiterates its earlier filed comments that “the alternative ownership models proposed by other stakeholders may be unworkable in territories served by Non-Opt-In Entities (NOIE) such as electric cooperatives and municipally owned utilities (MOU).”³ TEC noted that some commenters at the workshop took issue with the characterization of the “resiliency as a service” model as a sale, claiming rather that this would merely offset the host facility’s consumption.⁴ The “resiliency as a service” models involve the provision of electricity from a backup power generation facility, owned by a third party, to the host facility. The host facility is still paying for electric power from a generator that

¹ March 20, 2025 Texas Backup Power Package Program (TBPP) workshop agenda (Mar. 7, 2025).

² TEC’s 76 members include distribution cooperatives that provide retail electric utility service to approximately 5,000,000 consumers in statutorily authorized service areas that encompass more than half of the total area of the state. TEC’s G&T members generally acquire generation resources and power supply for their member distribution cooperatives and deliver electricity to them at wholesale.

³ Joint Comments of Texas Electric Cooperatives, Inc. and Texas Public Power Association (Nov. 26, 2024) (TEC Comments).

⁴ Texas Backup Power Package Program Workshop at 26:13 (Mar. 20, 2025) (<https://www.adminmonitor.com/tx/puct/workshop/20250320/>).

they do not own or control. All that has changed is the structure of the payment, shifting from a dollar per watt basis to a rental or service fee. The essential product being provided remains the electric power provided by the generator in exchange for some form of payment.

While a name or description may change, the essential elements of a sale of electric power are present, and the transaction should ultimately be characterized as a sale. If determined to be a sale, the alternative ownership model would violate the rights of the NOIE to provide the full range of customer service options within its territory.⁵ A third party may not sell power within NOIE territory. In order to comply with the service territory rights of the NOIE, backup power system ownership will need to be limited within NOIE territories to either the benefiting backup power facility itself or the NOIE providing electric service.

The facility benefiting from the backup power system may own the generator and consume the power produced to maintain service during an outage without any implication on the rights of the NOIE.⁶ Alternatively, if the facility does not want to operate or maintain the backup power system, the NOIE may agree to own and operate the backup power system on the host facility's behalf.

II. Uses of the Backup Power Program

Much of the workshop discussion also involved advocacy for backup power systems to be used outside of emergency conditions in a commercially beneficial manner. TEC reiterates its prior opposition to the use of the Backup Power Program as a commercial gain for third party providers.⁷ The use of the Backup Power Program for financial gains carries with it certain legal complications, potential negative impacts for the ERCOT market, and resiliency issues if backup systems are utilized in such a way that they are not available when truly needed during emergency or outage situations.

TEC and its members do not oppose the Backup Power Package. TEC members serve areas that may benefit from the use of backup power systems, but backup power systems must be deployed in a manner consistent with their intended purpose and respective of the rights of other market participants.

⁵ PURA §41.052 (b) and PURA §40.052 (b).

⁶ *Id.*

⁷ TEC Comments at 2-3.

III. Conclusion

TEC appreciates the opportunity to provide comment in response to the Backup Power Package Workshop and looks forward to working with Staff and the other stakeholders in this project.

Dated: April 3, 2025

Respectfully submitted,



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