

For Immediate Release

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Texas PUC and its Project 51603 “Review of Distributed Energy Resources”

Link to complete set of filings: [PUCT Project 51603](#)

In late 2021 Texas PUC began a review of the continued integration of DERs into the market and possible changes to market rules that might help accommodate and accelerate DER investment. In April 2022, the Texas PUC published survey questions seeking market input and by mid-June nearly 60 parties had responded. Respondents included numerous DER developers, service providers and related associations, as well as the major Texas utilities, cooperatives and several major cities.

Our sample review of responses across each of these diverse groups revealed a number of recurring themes and recommendations to the Texas PUC as well as some unique and interesting feedback which we have summarized below. Major utilities generally believe that established rules are currently working and DER deployments growing, and that discretion around all aspects of DERs and rule changes must remain with the affected utility and not subject to a Texas-wide set of standards. The electric utilities further recommend that any contemplated changes first go through industry study groups, a process which is deliberative but often lengthy.

We summarize below what we believe represent thoughtfully considered changes among the market’s commenters, some of which could facilitate much more rapid and effective DER deployments within the next five years. You can see all comments via the project link near the top of this post. Given ERCOT’s thin margin for failure as evidenced by Winter Storm Uri and this summer’s ongoing heat wave, we believe that the Texas PUC needs to move boldly and quickly on steps that will accelerate DER investment in time to play a risk mitigating role. How they move next in response to the market’s comments should be interesting and telling.

Recurring themes and recommendations:

- Streamlined interconnection process that is standardized across all utilities, including timelines, costs and approvals.
- Rule changes to expand the value and encourage deployments of microgrids in curtailable circuits, as rules currently drive them mainly to non-curtailable circuits.
- Rule changes to allow aggregation of small assets, including residential and small commercial batteries and EV charging networks, to be valued based on their performance characteristics for energy, demand and ancillary programs, and not based on their technologies or individual size.
- Remove current requirement linking participation by small DERM devices exclusively through their original installer.

- Long-term T&D planning to incorporate and optimize infrastructure and costs by the expanding “electrification of everything” and adoption of controllable resources at the distribution level.
- The sharing by utilities of circuit level host load data with developers to encourage efficient deployments of DERs.

Unique themes and recommendations:

- Impose incentives and/or penalties for utilities who meet or fail to meet published timelines for interconnection processes and require periodic performance filings (similar to on-time performance by airlines).
- Change rolling curtailment procedures from curtailable circuit-level shutoffs, as is current practice, to meter-level shutoffs using inherent smart-meter capabilities.
- Create high-risk versus low-risk customer utility rates to equitably reflect the inherently lower risk of outage to customers who happen to be on non-curtailable circuits with critical loads versus those on curtailable circuits.
- Require all utility substations to be outfitted with transfer trip capabilities, to remove placing this financial burden entirely onto the first distributed generation resource on that circuit.
- Enable distribution-level islanding-circuits near behind-the-meter microgrids to effectively provide wider network protections by their excess capacities during an outage.
- The cities of Houston, Dallas and Plano responded as a group, describing themselves increasingly as owners of DERs, who are very supportive of rule changes to expand their deployments.

Streamlining and standardizing interconnection policies, timelines, costs and approval processes seems like an easy near-term fix by the Texas PUC. So does an on-time performance filing process that is transparent to all parties, and rule changes to enable and encourage further microgrid development on non-curtailable circuits. We would like to get your feedback on this post and industry stakeholder input while we wait for the Texas PUC’s next step in the process.

Distributed Energy Clearinghouse, based in Houston, Texas, is a startup technology company providing tools and intelligence to large energy consumers and market intermediaries to accelerate the Energy Transition.