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PUBLIC UTILITY COMMISSION  
FILING CLERK

April 26, 2019

Mr. Stephen Journeay  
Director, Office of Policy & Docket Management  
Public Utility Commission of Texas  
1701 North Congress Avenue  
Austin, Texas 78711-3326

Re: *PUC Docket No. 49421, SOAH Docket No. 473-19-3864, Application of CenterPoint Energy Houston Electric, LLC for Authority to Change Rates*

Dear Mr. Journeay:

Texas Competitive Power Advocates (TCPA) files this letter in support of the List of Issues filed by the Public Utility Commission of Texas (Commission) Staff and the Alliance for Retail Markets (ARM). Specifically, TCPA supports Commission Staff and ARM’s position that CenterPoint Energy’s request for permission to install voltage regulation battery assets should not be addressed in this docket.<sup>1</sup>

CenterPoint Energy’s application requests “permission to install voltage regulation battery assets when necessary and cost-effective situations permit.”<sup>2</sup> This request essentially asks the Commission to issue an opinion that a transmission and distribution utility (TDU) within the Electric Reliability Council of Texas (ERCOT) may own and operate battery storage devices. As aptly noted by ARM, “[t]o date, the Commission has not reached that legal conclusion in either a contested case or rulemaking project. As a matter of policy, CenterPoint’s rate case is not the appropriate forum for resolving this critical question of law.”<sup>3</sup>

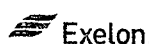
Although CenterPoint Energy provided direct notice of its rate case application to wholesale transmission customers and retail electric providers (REPs),<sup>4</sup> it failed to provide direct notice to power generation companies. It is well known that the power generator segment maintains that battery ownership in ERCOT should be part of the competitive market.

<sup>1</sup> Commission Staff’s List of Issues at 10; Alliance for Retail Markets’ List of Issues at 2-4 (Apr. 24, 2019).

<sup>2</sup> Statement of Intent and Application of CenterPoint Energy Houston Electric, LLC for Authority to Change Rates at 3 (Apr. 5, 2019) (hereafter “CenterPoint Application”).

<sup>3</sup> Alliance for Retail Markets’ List of Issues at 2 (Apr. 24, 2019).

<sup>4</sup> CenterPoint Application at 16-17 (Apr. 5, 2019).



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Indeed, TCPA's member power generation companies are uniquely invested in the issue of battery ownership in ERCOT. Thus, although a TDU is technically not required to provide notice of a rate case to power generation companies, CenterPoint Energy should have provided such notice if it intended for the Commission to address the issue of battery ownership in ERCOT.

As noted by Commission Staff, the "state of the law is that 'the current regulatory structure is inadequate to address energy storage devices' for transmission and distribution utilities [and] [t]he use of battery storage is currently being discussed by the Legislature."<sup>1</sup> Thus, CenterPoint Energy's request may become moot depending on the outcome of pending legislation. Further, if the Commission decides that it can grant CenterPoint Energy the relief it requests, parameters will need to be set on CenterPoint Energy's investment in battery assets that could impact all TDUs and power generators. Accordingly, answering CenterPoint Energy's battery ownership question in this ratemaking proceeding is not the proper forum to determine the future of ownership of battery assets in ERCOT.

Sincerely,

A handwritten signature in black ink that reads "Michele Gregg". The signature is written in a cursive, flowing style.

Michele Gregg  
Executive Director

Texas Competitive Power Advocates (TCPA)  
(512) 653-7447  
michele@competitivepower.org

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<sup>1</sup> Commission Staff's List of Issues at 10 (Apr. 24, 2019), *citing to* Application of AEP Texas North Company for Regulatory approvals Related to the Installation of Utility Scale Battery Facilities, Docket No. 46368, Final Order at 3-4 (Feb. 15, 2018).