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PROJECT NO. 31852

RULEMAKING RELATING TO	§	PUBLIC UTILITY COMMISSION
	§	
RENEWABLE ENERGY AMENDMENTS	§	OF TEXAS

COMMENTS OF CENTERPOINT ENERGY HOUSTON ELECTRIC, LLC TO STAFF STRAWMAN AND QUESTIONS

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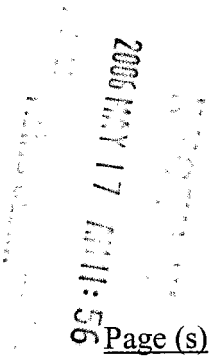
May 17, 2006



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RENEWABLE ENERGY AMENDMENTS	§	OF TEXAS

COMMENTS OF CENTERPOINT ENERGY HOUSTON ELECTRIC, LLC TO STAFF STRAWMAN AND QUESTIONS

On April 19, 2006, the Staff of the Public Utility Commission of Texas (the Commission Staff) filed a proposed Strawman rule as well as three questions seeking comments from interested persons. CenterPoint Energy Houston Electric, LLC ("CenterPoint Energy") submits the following responses and comments to the Strawman and questions. CenterPoint Energy appreciates the opportunity to provide these comments regarding the Strawman for proposed Commission rules concerning renewable energy. CenterPoint Energy is a structurally unbundled transmission and distribution utility (TDU); therefore, these comments are limited to aspects of the Strawman that impacts TDUs.

I. Responses to Specific Commission Questions

1. *Proposed §25.173(q) implements the 500 MW target for renewable capacity other than wind power by establishing a system of compliance premiums that would augment the renewable energy credits (RECs) created by non-wind resources. The strawman would provide one premium for each REC from any non-wind renewable resource, and one additional premium if the generator has no emissions and is located in a nonattainment area. Should the rule differentiate between other classes of non-wind renewable resources (distributed generation, for example, or specific types of generating technologies such as photovoltaics), and how should the rule accommodate such differentiation?*

CenterPoint Energy has no comments.

2. *Should proposed §25.174 specify a maximum size or minimum size for a CREZ? If so, what should those requirements be?*

The Commission should ensure that any CREZ should be of sufficient size, both electrically and geographically, to merit designation as a CREZ rather than using such a designation for a customer-specific "site". In so doing some renewable energy resources might not reside within a CREZ and, hence, the rule should make it clear that not all renewable energy resources will necessarily be located within a CREZ. In particular, a single point of transmission interconnection should not constitute a CREZ. For example, the interconnection of 10, 20, or 50 MW by a single customer at a single point of interconnection clearly should not constitute a "competitive" zone. Yet, if ten customers with an aggregate total of 10, 20, or 50 MW were within sufficiently close geographic proximity such that the customers could be connected with a single point of interconnection to the transmission grid, should that area be considered a "competitive" zone? If so, an entity could divide itself into various corporate entities to achieve a benefit it could not achieve as a singular entity. CenterPoint Energy believes that such gaming of the CREZ designation would be contrary to the intent of the legislation and not in the public interest. Therefore, whether in aggregate or as a single entity, a single point of transmission interconnection should not merit CREZ designation[1], but would be best addressed through the use of the Standard Generator Interconnection Agreement (SGIA) for the Electric Reliability Council of Texas (ERCOT) that has previously been approved by the Commission.

[1] One way to address the issue is for the Commission to specify that at least two points of transmission interconnection are required to constitute a zone. Yet, such a rule could also be gamed by generators providing for two points of interconnection, when one is only required.

Also, the Commission should not specify a maximum or minimum size either by land mass or by megawatts (MWs) for a competition renewable energy zone (CREZ). Yet, the Commission should recognize that an area-specific minimum geographic and electrical size threshold should be a pre-requisite for zonal designation. Until further information and experience is gathered, the rule should remain flexible in order to address geographic, transmission system, and weather diversity. The Commission should consider the following issues relating to the size of the CREZs.

First, different transmission system characteristic exists between the various TDUs due to the various service territories being served. In rural west Texas, there are areas with relatively low capacity 69 kV and 138 kV facilities suitable for the load served in those regions. Due to the capacity of the system, generating facilities in excess of 50 to 100 MW might require more than one point of transmission interconnection. By contrast, due to CenterPoint Energy's urban service territory, it has been able to interconnect several plants in the range of 500 MW to 1,000 MW at a single point of transmission interconnection due to that fact that CenterPoint Energy typically has high capacity transmission facilities. Therefore, potential interconnections in the range of 500 to 1,000 MW in one region of Texas might justify designation as a CREZ, while it may not be justified in other regions of Texas.

Another issue is that designating large geographical areas as a CREZ presents different challenges. If a candidate CREZ is too large, there will likely be numerous transmission facilities in which an individual generator could connect. The decision of

which transmission facilities to interconnect a generating plant will impact the planning studies for the system. For example, if there are five transmission lines in a candidate CREZ with 500 MW of generation potential and 100 MW of generation is connected to each line, planning studies could identify one set of transmission improvements necessary for the entire 500 MW of generation potential. Yet, if the entire 500 MW of generation are in reasonably close proximity to only one line, then a different set of planning criteria and upgrades may be needed. Even if there are only one or two lines in the zone but the zone is geographically large, multiple geographical combinations of generation development could occur such that the resulting transmission plan for the candidate CREZ could vary significantly. CenterPoint Energy believes this factor and others could be problematic for the approach laid out in the draft rule.

Finally, the Commission should consider the remoteness of an area along with its required reliable export capability in designating competitive energy zones. The process envisioned will consume considerable transmission planning, engineering, and routing resources to develop a plan that is subject to change for a variety of reasons to accommodate renewable energy that ultimately may or may not be developed in an area. Such a process, if narrowly applied, might make sense and be workable. However, if broadly applied, transmission planning, engineering, and routing resources will be stretched too thin, and areas that truly need attention will not receive it. We believe the areas that truly need the attention this rule would provide are remote areas where there are long lead times for planning, routing, and building transmission infrastructure, and where there is strong evidence of renewable energy development.

3. *Proposed §25.174(a)(1)(G) requires information on land use and wildlife habitat as part of the information provided about potential CREZs. What level of detail should be required, and how should ERCOT or the non-ERCOT electric utility obtain it? Please discuss the costs involved, and how such costs should be defrayed.*

CenterPoint Energy has no comments.

II. Comments Regarding the Staff Strawman

CenterPoint Energy does not have comments concerning the Staff Strawman for PUC Subst. R. §25.173. CenterPoint Energy offers the following comments concerning the Staff Strawman for PUC Subst. R. §25.174. Please refer to the attached redline version of the Staff Strawman for PUC Subst. R. §25.174 for specific language suggestions where applicable.

A. General Comments Concerning PUC Subst. R. §25.174

The rule envisions the following:

- a transmission system improvement plan will be developed for each CREZ,
- the plan will be reviewed and approved by the Commission,
- execution of the plan will be triggered by a threshold level of renewable energy development, and
- issues of need and adequacy of service do not need to be addressed in subsequent applications for certificates of convenience and necessity (CCNs) associated with transmission lines included in the Commission-approved transmission system improvement plan.

CenterPoint Energy supports the intent of the proposed rule. However, CenterPoint Energy proposes that PUC Subst. R §25.174(c)(2) be amended to specify that an application for CCN for transmission facilities identified in PUC Subst. R. §25.174 (a)(2)(B) should be processed within six months of submitting the application. This time frame is consistent with the same deadlines used for applications addressing transmission facilities designated as critical to reliability by ERCOT. The recommendation is supported by the reduced scope concerning need of the certification application and the Commission's goal of providing a process for expediting transmission construction necessary to meet the state's renewable energy goals.

B. Additional Considerations

While CenterPoint Energy supports the intent of the proposed rule, there are several issues that the Commission should consider in drafting a proposed rule. CenterPoint Energy's list of issues is not meant to be exhaustive.

1. **It may be necessary to modify the transmission plan due to differences between assumed and actual renewable energy development within a CREZ.**

The transmission plan for improvements to the system can vary depending on the location of the renewable energy development within a zone or whether renewable energy development occurs fairly evenly throughout a zone. Transmission planning models are based upon the actual location of the generating facilities; therefore, contemplated transmission improvements determined before the actual location of the generating facilities is known might not be consistent with the required facilities based upon the actual location of the generating facilities. One way to address this issue is to

limit the size of a zone, which limits the geographic uncertainty of renewable energy development.

2. It may be necessary to modify the transmission plan because the underlying planning studies are stale.

CenterPoint Energy believes there are several aspects of this issue. First, the rule appears to provide that transmission plans will be developed for several "candidate" zones. This process will likely require considerable transmission planning resources and involve several months of work. This issue can be addressed by limiting the number of candidate zones using the prescribed guidelines offered in CenterPoint Energy's response to Question 2. CenterPoint Energy suggests the Commission consider an initial screening process to identify the most likely zone candidates for which transmission plans should be developed. In addition, the Commission should consider ways to streamline the ERCOT process for reviewing and approving transmission interconnection plans and prioritizing the commitment of ERCOT planning personnel.

Second, unless there is flexibility provided in the proposed rule for updating transmission plans and studies, the proposed rule could have the effect of causing a complete change of construction plans, such as building an entirely different circuit than the one originally contemplated. In addition, the Commission should allow flexibility for changes to construction details, such as conductor size or substation modifications. During the time for approval of the transmission plan and a CCN for the facilities, changes unrelated to renewable energy development in a specific CREZ will be occurring on the ERCOT system. These changes could include the following or a combination:

new load interconnections, load growth, generation unit additions, or generation unit retirements.

The following example illustrates this concern. Assume a CREZ is 100 miles away from a 345 kV Generating Station X and 110 miles away from Generating Station Y. At the time the planning studies are performed, the studies indicate that the most reasonable and cost effective plan would be to construct a 345 kV switching station within the CREZ and build a 345 kV double circuit transmission line to Generating Station X. No other improvements are necessary. After the regulatory approval process is complete, a new generating plant is connected in close proximity to Generating Station X. The new generating station combined with the CREZ generation cause overloads of circuits connected to Generating Station X, requiring a new 50 mile 345 kV transmission circuit, 345/138 kV autotransformers, and substation upgrades. Under this hypothetical set of circumstances, an updated analysis would have indicated that the preferred CREZ transmission improvement plan would be to build a 110 mile double circuit to Generation Station Y.

3. The transmission improvement plan and estimated costs could change based on transmission line routing analyses, detailed engineering design, technology changes, or other factors arising in the development of detailed implementation plans.

In the proposed rule, the Commission should recognize the fact that some reasonable variations from an approved transmission plan developed under the proposed process will occur due to uncertain factors such as routing, right-of-way acquisition cost, cost of materials, and detailed design parameters such as number of turning towers and span length. The Commission should address this issue and establish boundaries, such as

to explicitly allow for variations on the approved plan within a certain percentage of estimated cost. If the variations exceeded such costs, then the Commission would require re-review of the plan. CenterPoint Energy recommends that the threshold be set at a range of 30 to 40 percent.

Another aspect of the detailed engineering design phase should be considered. During planning studies, transmission planners may consider various electrical alternatives, and it is impractical and inefficient to perform detailed engineering design on each option. However, when an electrical option is selected, detailed engineering design is performed. In the case of CenterPoint Energy's Houston Import Constraint Mitigation Plan, CenterPoint Energy considered 28 different electrical alternatives, which were then independently reviewed by ERCOT. During the subsequent stage, minor variations were made with the intent of improving the overall effectiveness of the selected option.

B. Comment on Specific Sections of Proposed PUC Subst. R. §25.174

Attachment A contains a red-lined version of the Staff Strawman that sets forth proposed changes based on the following comments.

1. PUC Subst. R. §25.174(a)(1)

CenterPoint Energy agrees with the concerns expressed by other TDSPs that the CCN application process needs to allow for more time to adequately cover the detail design process, routing analysis, and environmental impact assessments, particularly given the probable length of transmission lines that would need to be routed. In order to address this as well as the possibility that a CREZ may require multiple CCN

applications, CenterPoint Energy suggests that a prioritization process be used so that the CCNs can be processed in an order which brings the most value to the market. The suggested approach is to rank the facilities requiring a CCN by the amount of MW bulk power transfer provided followed by a subranking of financial commitment made using the deposits described in PUC Susbt. R. §25.174 (b). This prioritization would then be used to set the application timelines referenced in PUC Subst. R. §25.174(c)(1) as explained below. As we previously noted, the Commission may also be able to help manage this issue and ensure efficient deployment of transmission resources by taking a disciplined approach and targeting only those few areas that truly need the process envisioned by this rule.

CenterPoint Energy also proposes additional language to minimize the possibility of differing interpretations concerning the applicability of the section.

2. PUC Subst. R. §25.174(a)(2)

The Commission should not require the inclusion in the Commission transmission plan order the specification of the voltage for transmission improvements to be used in the CREZ. The transmission plan may include additions or upgrades at several voltage levels. The rule as written would likely create confusion and lack the specificity to be meaningful. To illustrate, consider the following hypothetical circumstances. ERCOT planning studies indicate that the following set of transmission improvements contemplated in the context of §25.174(a)(2) are necessary:

- Construct a 345 kV double circuit from station A to station B;
- Install a 345/138 kV autotransformer at station B;

- Upgrade an existing 138 kV circuit from station B to C;
- Upgrade fault duty at station B;
- Etc.

CenterPoint Energy believes that under the original proposed language it is unclear what is meant by specifying "the voltage level of transmission improvements". A final order issued under this rule could, for example, specify 345 kV and 138 kV transmission improvements are necessary, but such an order would lack the specificity necessary to be meaningful. Furthermore, there could be ambiguity as to whether a transmission improvement is within or outside a CREZ, and we believe such a distinction is unnecessary. For example, in the hypothetical example provided above, station A may be located inside the CREZ and station B might be located outside the CREZ, so the transmission line between the stations is partially inside and partially outside the CREZ. CenterPoint Energy believes its proposed changes would provide the Commission the ability to specify "voltage levels" and other information envisioned under this section without creating unnecessary confusion in applying this section.

Therefore, CenterPoint Energy proposes the deletion of the requirement to designate the voltage level in PUC Subst. R. §25.174(a)(2)(B).

In addition, there is not a necessity to address whether transmission upgrades are contained within or outside of the CREZ. Instead, the Commission transmission plan order should address all required transmission upgrades. For example, if Station A is located inside the CREZ and Station B is located outside the CREZ, a transmission line

between the stations is partially inside and partially outside the CREZ. Therefore, CenterPoint Energy proposes the deletion of PUC Subst. R. §25.174(a)(2)(C).

3. CenterPoint Energy Proposed New PUC Subst. R. §25.174(a)(3)

CenterPoint Energy is proposing a new subsection to clarify that a Commission order issued pursuant to PUC Subst. R. §25.174(a)(2) is not intended to preclude transmission construction that may be necessary for reasons other than renewable energy development. For example, new transmission facilities may be necessary due to load growth in a CREZ, regardless of whether the threshold level of interconnection agreements contemplated in PUC Subst. R. §25.174(a)(2)(E) has been met. CenterPoint Energy's proposed PUC Subst. R. §25.174(a)(3) is intended to clarify that a utility should proceed with such necessary construction.

4. PUC Subst. R. §25.174(b)(1)

CenterPoint Energy proposes minor modifications to provide additional escrow deposit information. This will enable to the Commission to review the aggregate total of escrow deposits for a CREZ. The aggregate information may be useful in distinguishing among candidate zones.

5. PUC Subst. R. §25.174(b)(2)

Just as PUC Subst. R. §25.174(a)(2)(D) requires that a threshold amount of SGIAs be signed prior to the commencement of any applicable transmission improvements, so should the entitlement of any special CRR treatment be qualified so that only those resources with signed SGIAs construction can participate in the CRR escrow deposits. CenterPoint Energy recommends that the rule be changed accordingly.

6. PUC Subst. R. §25.174(b)(3)

CenterPoint Energy proposes that the 5% deposit requirement be deleted and that the deposit not be limited to only those interconnection costs within the CREZ, so that the proposed section is consistent with PUC Subst. R. §25.195 and the Commission-approved SGIA. PUC Subst. R. §25.195 and the SGIA allow the Transmission Service Provider (TSP) to require a reasonable deposit. The proposed rule should apply this concept to the estimated certification costs of CREZ – related transmission improvements. This would provide reasonable protection to TDSPs as well for the ratepayers in Texas for both "driveway" and "highway" expenditures related to the respective generation interconnections and other CREZ – related transmission improvements. Accordingly, CenterPoint Energy recommends deletion of the objectionable language. If, however, the Commission determines that there is a reasonable basis for preferentially shifting the financial risks from renewable generators to others, then the rule should include in the Substantive Rules acknowledgment that any costs not recovered from renewable generators under this section are to be included in the transmission cost of service of the TSP incurring such costs under this rule. This provision would address the issues related to the "used and useful" standards for inclusion of capital projects in rates.

6. PUC Subst. R. §25.174(c)(1)

In order to provide sufficient time for the CCN application process, CenterPoint Energy agrees with the concerns expressed by other TDSPs at the workshop held on May 12, 2006, that additional time is needed and proposes that 18months be the time limit for

the most critical CCN identified by the prioritization process proposed by CenterPoint Energy for PUC Subst. R. §25.174(a)(1). Transmission lines with a lower rank would be subject to the 12 month application deadline. The CCN applications would be reviewed in the appropriate order so that any potential process bottlenecks would be determined by the Commission resources available for processing possible multiple or simultaneous CCN applications.

7. PUC Subst. R. §25.174(c)(2)

As noted in the general comments concerning PUC Subst. R. §25.174, the Commission should shorten the procedural schedule to six months for line certifications filed pursuant to this rule. Furthermore, as noted in the comments concerning PUC Subst. R. §25.174(a)(2), there could be ambiguity whether a transmission line is within or outside a CREZ, and it is not necessary for the Commission to make this distinction. The relevant issue is whether the line is part of the Commission-approved transmission plan as being necessary to meet the state's renewable energy goals.

8. PUC Subst. R. §25.174(c)(3)

In theory this section should not be needed. SGIAs are signed for the applicable "driveway" costs and PUC Subst. R. §25.174, in its entirety, should properly address cost recovery of the "highway" costs. Therefore, this subsection should be deleted.

In the event that the subsection is not deleted, the term "effective service perimeter" should be defined. The term is not a "term of art" in the electric industry and would need to be defined in order for utilities to be able to comply.

CONCLUSION

CenterPoint Energy supports the Commission efforts in helping establish the solid and vibrant renewable energy program envisioned in Senate Bill 20. The comments and suggestions offered attempt to maximize the use of available TDSP resources in this effort by making sure that CREZ related transmission projects are clearly identified, properly prioritized, and efficiently processed so that the corresponding transmission improvements can materialize in a time and cost effective manner.

Respectfully submitted,

Manuel Munoz

Manuel Munoz,
Rates and Regulatory
CenterPoint Energy

by permission
Dolores Prince

ATTACHMENT A

REDLINED VERSION OF PROPOSED 25.174

§25.174. **Competitive Renewable Energy Zones.**

(a) **Competitive Renewable Energy Zones**. By October 1 of each even numbered year, the Electric Reliability Council of Texas (ERCOT) and each investor-owned electric utility in Texas outside the ERCOT power region shall submit to the commission a list of candidate zones in which renewable energy resources and suitable land areas may be sufficient to develop generating capacity from renewable energy technologies. Once the first set of zones are approved for CREZ status by the Commission, any subsequent lists should, to the maximum extent possible, reflect updates to designated CREZs. The initial list and any subsequent updates shall identify the transmission improvements requiring a CCN and, to the extent possible, prioritize these requirements in terms of bulk power transfer provided and level of market interest as gauged using the deposits described in PUC Subst. R. 25.174 (b)(1) and 25.174 (b)(3).

(1) ERCOT and each electric utility outside the ERCOT power region shall provide the following information to the commission for each candidate zone.

(A) A geographic description and map.

(B) An estimate of the production potential in megawatt-hours (MWh) per year, and of the potential value of economic redispatch of other generation resources connected to the grid.

(C) An estimate of the incremental cost to provide transmission service to the zone to achieve the estimated production potential, and the

utility or utilities whose existing transmission facilities would be directly affected.

(D) An estimate of the additional ancillary service capacity required to maintain system reliability.

(E) The amount of renewable generating capacity already in service in the zone.

(F) The amount of renewable generating capacity not in service but for which interconnection agreements have been signed.

(G) A description of any land use impacts that may occur to the area as a result of the CREZ designation. ERCOT shall request the Texas Department of Parks and Wildlife to provide an analysis of wildlife habitat that may be affected by renewable energy development in the candidate zone.

(2) The commission may adopt, modify or reject any candidate zone. For each new CREZ, if any, the final order shall specify:

(A) the maximum amount of generating capacity from renewable energy resources that the CREZ is deemed capable of accommodating;

(B) ~~the voltage level of the~~ transmission improvements required within and outside of the CREZ;

(C) ~~any transmission upgrades necessary outside the CREZ;~~

~~(D)~~ the entities responsible for the transmission upgrades;

(E<u>D</u>) the minimum amount of signed interconnection agreements, in total megawatts, required to commence construction <u>of transmission improvements identified in 25.174(a)(2)(B)</u>; and

(~~F~~<u>E</u>) any other requirement considered appropriate by the commission.

<u>(3) Notwithstanding the information specified in 25.174(a)(2), the Commission explicitly recognizes the transmission improvements specified in 25.174(a)(2)(B) may be necessary due to reasons other than Competitive Renewable Energy generation. Such reasons may include but are not limited to the following: interconnection of new generators other than Competitive Renewable Energy generation; retirement or mothballing of existing generation; load growth; or change in generation patterns or energy transfer. Nothing in this section is intended to preclude the construction of transmission improvements identified in 25.174(a)(2)(B) even in the absence of the signed interconnection agreements specified in 25.174(a)(2)(E) due to other reasons.</u>

(b) Level of financial commitment by generators.

(1) For each candidate zone requiring transmission upgrades in the ERCOT power region that would result in the creation of additional congestion revenue rights (CRRs), ERCOT shall accept escrow deposits from registered ERCOT market participants <u>with signed SGIAs</u> towards the purchase of the CRRs that would be created in the event that the commission selects that zone as a CREZ. The escrow funding period shall begin when ERCOT submits its analysis of candidate zones to the

commission, and shall end at the close of business the following October 31. On the first business day after October 31, ERCOT shall report to the commission the total number of escrow deposits and the deposit amount for each candidate zone. The identity of an account owner, the amount escrowed by the owner, and the candidate zone for which the owner has escrowed money constitute competitively sensitive information.

(A) Escrowed amounts, including accrued interest, shall be applied towards the purchase of CRRs for the export of electricity from a renewable energy resource in the CREZ for which the funds were deposited, and shall be used for no other purpose. CRRs may be of any type and any duration. Escrowed amounts are transferable but not refundable, unless refunded pursuant to subparagraph (D) of this paragraph.

(B) An escrow deposit does not entitle the owner to any future CRRs. An escrow owner shall comply with all requirements set forth in the ERCOT protocols in order to participate in a CRR auction and to receive CRRs.

(C) A two-year CRR for a CREZ shall convert to a six-year CRR if the CRR is purchased with an escrow deposit for the CREZ.

(D) Any money escrowed pursuant to this paragraph shall be refunded to the owner with accrued interest if the commission's final order does not designate the associated candidate zone as a CREZ.

(2) For each candidate zone outside the ERCOT power region requiring no upgrade to the ERCOT transmission system, the electric utility in the area shall inform the commission of all transmission upgrades included in a system upgrade plan for the utility's RTO, IO or ISO that would increase delivery to electric customers the electric output from renewable energy technologies in the candidate zone. The utility shall also inform the commission:

(A) which upgrades, if any, have been sponsored by parties willing to bear some or part of the project cost pursuant to the applicable federal open access transmission tariff; and

(B) which privately owned transmission upgrades in the utility's service territory will increase delivery to electric customers the electric output from renewable energy technologies in the zone.

(3) For interconnection of renewable energy resources to be located in a designated CREZ, the utility may require a deposit or other means of security to cover the cost of planning, licensing and construction of new facilities identified by the commission both for the direct interconnection of the renewable energy resources as well the transmission improvements as referenced in PUC Subst. R. §25.174 (a)(2)(B).~~, with 5% of the amount provided at the time the interconnection agreement is executed, and 95% after the commission enters a final order on the utility's application for a certificate of convenience and necessity for the CREZ pursuant to subsection (c) of this section~~.

(c) Plan to develop transmission capacity.

(1) Within 18 months of the commission's transmission plan order, each affected utility shall ~~No later than one year after an order by the commission designating one or more new CREZs, the utility or utilities providing transmission service in or to a CREZ shall~~ apply for ~~all~~ the required certificates of convenience and necessity for all transmission facilities that are necessary to deliver to electric customers the electric output from renewable energy technologies in the CREZ using the prioritized list of CCN requirements described in PUC Subst. R. 25.174(a). Utilities shall submit CCN applications for any remaining transmission projects within 12 months after successful certification of the highest ranked transmission project. The commission may allow additional time for a utility to file an application if the utility has not received the number of signed interconnection agreements specified by the commission in its order pursuant to subsection (a) of this section, or upon a showing of good cause by the utility.

(2) An application for transmission improvements as referenced in PUC Subst. R. 25.174(a)(2)(B) ~~new transmission inside a CREZ~~ need not address the criteria in PURA §37.056(c)(1) and (2). Applications for transmission lines corresponding to the transmission improvements as referenced in PUC Subst. R. 25.174(a)(2)(B) shall be considered by the commission on an expedited basis. The commission shall render a decision approving or denying an application for a certificate under this

subparagraph within 180 days of the date of filing a complete application for such a certificate unless good cause is shown for extending that period.

~~(3) The utility may specify in its application an effective service perimeter that distinguishes transmission upgrades to be included in the utility's rate base and transmission upgrades for which the transmission customer is financially responsible. The utility may require a transmission customer to bear the cost of new transmission beyond the effective service perimeter.~~