Control Number: 38577

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DOCKET NO. 38577

PUC PROCEEDING TO DETERMINE WHETHER TO MODIFY THE CREZ TRANSMISSION PLAN	§ § §	BEFORE THE PUBLIC UTILITY COMMISSION OF TEXAS

DOCKET NO. 37049

COMMENTS CONCERNING THE LOWER COLORADO RIVER AUTHORITY TRANSMISSION SERVICE CORPORATION'S PROPOSED CREZ PRIORITY TRANSMISSION LINES	§ § § § §	BEFORE THE PUBLIC UTILITY COMMISSION OF TEXAS

DOCKET NO. 38354
SOAH DOCKET NO. 473-10-5546

APPLICATION OF LCRA TRANSMISSION SERVICES CORPORATION TO AMEND ITS CERTIFICATE OF CONVENIENCE AND NECESSITY FOR THE MCCAMEY D TO KENDALL TO GILLESPIE 345-KV CREZ TRANSMISSION LINE IN SCHLEICHER, SUTTON, MENARD, KIMBLE, MASON, GILLESPIE, KERR AND KENDALL COUNTIES	§ § § § § § § § § § §	BEFORE THE STATE OFFICE OF ADMINISTRATIVE HEARINGS

HORSE HOLLOW GENERATION TIE, LLC'S
INFORMATIONAL FILING
AND SUGGESTION TO MODIFY
SCOPE AND CAPTION OF DOCKET NO. 38577

Horse Hollow Generation Tie, LLC ("Horse Hollow"), a wholly-owned indirect subsidiary of NextEra Energy Resources, LLC ("NextEra"), makes this informational filing to respond to recent questions about the "Gen-Tie," a 345-kilovolt ("kV") private transmission

interconnection line owned by Horse Hollow that extends from southwest Taylor County to the Kendall Substation in Kendall County. Specifically, this filing addresses issues raised in Chairman Barry Smitherman's August 26, 2010 letter to ERCOT in which the Chairman inquired about the technical specifications and capabilities of the Gen-Tie and whether the owner of the Gen-Tie would be willing to cause the line to be placed in public service.[1] This filing provides a general description of the design, specifications, and capabilities of the Gen-Tie. This filing also expresses Horse Hollow's willingness to work with ERCOT, the Commission, and other interested parties to evaluate how the Gen-Tie might be incorporated as an open access line to ensure that the CREZ Transmission Plan ("CTP") is beneficial and cost-effective to electric customers and less burdensome on landowners and communities in the Texas Hill Country. Finally, in light of Chairman Smitherman's letter and the more general interest in the Gen-Tie and its availability as an option that could be incorporated into the CTP, this filing suggests that the Commission may wish to consider modifying the scope and caption of Docket No. 38577 to provide and accurately reflect a forum for consideration of the issue.

I. Background

The Gen-Tie has recently drawn the attention of regulators and governmental officials as a potential substitute for, or complement to, the McCamey D to Kendall to Gillespie CREZ transmission line proposed by LCRA Transmission Service Corporation ("LCRA TSC") in Docket No. 38354. During the August 19, 2010 open meeting, there was extended discussion regarding the possibility of using the Gen-Tie in lieu of or in addition to the McCamey D to

[1] Chairman Smitherman's letter, which was filed in Docket No. 38354, is Attachment "A" to this pleading.

Kendall to Gillespie line. The discussion was constrained, however, by a lack of available information on the Gen-Tie.

In addition, on August 19, 2010, State Senator Troy Fraser sent a letter to Chairman Smitherman asking the Commission to instruct ERCOT to review and consider alternatives to building the McCamey D to Kendall to Gillespie line. In making that request, Senator Fraser noted, "One alternative may be the use of the recently built NextEra Gen-Tie line that runs between the Abilene area and Kendall County."[2]

Finally, in an August 26, 2010 letter to H.B. "Trip" Doggett, President and Chief Executive Officer of ERCOT, Chairman Smitherman commended ERCOT for its recent re-evaluation of the Gillespie to Newton CREZ line and asked ERCOT to perform a similar analysis to determine the continued need for the McCamey D to Kendall to Gillespie line. Chairman Smitherman requested that ERCOT perform the analysis with and without considering the Gen-Tie because the Commission and ERCOT lack adequate information about the Gen-Tie and about the owner's plans for the Gen-Tie:

> As you know, NEXTera has constructed a transmission line, known as the "Texas Clean Energy Express," that runs roughly from its wind farms in southwest Taylor County to the Kendall substation northwest of San Antonio. At this point, we do not know if NEXTera is willing to place the line into public service, or sell it to another transmission service provider who would place it in public service; nor do we know at what price NEXTera would be willing to sell the line. We also do not know if the specifications of the line, i.e., the height of the poles, the width of the right of way, the type of wire used, etc., meet ERCOT's transmission requirements.[3]

[2] Letter from Senator Troy Fraser to Barry Smitherman (Aug. 19, 2010). A copy of Senator Fraser's letter is included within Attachment "A."
[3] *See* Attachment "A" at 1.

A basic purpose of this filing is to provide information responsive to the questions posed by Chairman Smitherman in that letter and to provide other information that may aid the Commission and ERCOT in evaluating whether the Gen-Tie represents a viable alternative or complement to the McCamey D to Kendall to Gillespie line.

II. Description of the Gen-Tie

The Gen-Tie is a transmission interconnection line owned and operated by Horse Hollow, which is an indirect wholly-owned subsidiary of NextEra. The Gen-Tie was placed in service by Horse Hollow on October 16, 2009. The Gen-Tie transmits energy generated at wind farms in Taylor and Nolan Counties, Texas south to Kendall County, Texas, where the line interconnects with the ERCOT grid.

More specifically, the Gen-Tie is a single-circuit 345 kV transmission line that spans approximately 214 miles. The northern terminus of the Gen-Tie is the Horse Hollow substation in Taylor County, Texas, which is a gathering point for wind energy from the 735.5 megawatt ("MW") Horse Hollow wind farm and the 114 MW Callahan Divide wind farm. The southern terminus of the Gen-Tie is the Kendall Substation in Kendall County, Texas. Maps showing the Gen-Tie in relation to the current and proposed CREZ lines are attached to this filing as Attachments "B" and "C."[4]

The Gen-Tie uses 1,533 monopole structures for the 345-kV line, each of them 115 feet tall. Tangent structures are directly embedded and self-supporting. Turning structures at points of inflection and dead-end structures are directly embedded and self-supporting or guyed,

[4] Assets associated with the Gen-Tie also include five 138-kV circuits with approximately 18 circuit miles connecting wind generation to a switching station and a 555 MVA transformer substation.

depending on site conditions.[5] Most of the transmission line structures are spun concrete poles manufactured by Valmont Industries. A minority of the structures are tubular steel structures manufactured by Valmont Industries, Fort Worth Tower, Inc., and Pelco Structural, LLC. Pictures of a spun concrete pole and tubular steel pole are attached to this filing as Attachments "D" and "E," respectively.

The transmission line is a single-circuit design with three electric phases, each composed of triple-bundle 795 ACSR "Drake" conductors in a triangular shape. Those conductors, which were manufactured by Alcan, Inc., meet industry and ERCOT standards. The transmission line uses one optic ground wire (48 optic fiber strands in two stainless steel tubes and 17 metallic strands) manufactured by Suzhou Furukawa Power Cable. NGK-Locke Inc. manufactured the polymer insulator assemblies supporting the conductors. Attachments "D" and "E" also show the configuration of the conductors.

Most of the right-of-way easements for the Gen-Tie are 180 feet wide, but there are short sections of 125-feet, 140-feet, and 160-feet widths. The right-of-way land parcels are cleared to a width of 125 feet, regardless of the easement width.

In terms of transmission capability, the conductor rating of the Gen-Tie is 1,735 MVA, while other equipment in series with the conductors is rated above the current need of 900 MVA. That equipment can be replaced to match the rating of the conductors. The line was designed for 50% series compensation, which is not currently in service. The western end contains three reactors (110 MVAR + 2x87.5 MVAR) for voltage regulation. On the eastern end, the line has 3x170 MVAR shunt capacitors to meet the ERCOT compliance requirement of +/- 0.95 power

[5] The turning structures are 130 feet tall, rather than 115 feet tall.

factor at the point of interconnection. The schematic one-line diagram attached as Attachment "F" shows the electrical connections and specifies the line lengths, voltage levels and ratings.

III. Horse Hollow would welcome the opportunity to work with ERCOT, the Commission, and others to assess ways in which the Gen-Tie might be integrated into the CTP.

Although Horse Hollow is a newcomer to the CREZ process, it is strongly committed to the successful implementation of the CTP. Horse Hollow is specifically supportive of the Commission's selection of "Scenario 2" from Docket No. 33672, the original CREZ docket, as the most beneficial and cost-effective CTP. The Gen-Tie did not exist and therefore was not available for the Commission's consideration when it adopted the CTP in 2008. If the Gen-Tie can now contribute to a modified CTP that is beneficial and cost-effective while reducing the burden on landowners and local communities, Horse Hollow stands ready to assist in evaluating ways in which that objective can be achieved.

In his August 26, 2010 letter to Mr. Doggett, Chairman Smitherman noted two avenues by which the Gen-Tie might be integrated into the CREZ transmission system. One of those options is for Horse Hollow itself to place the line into public service, which may entail Horse Hollow's applying for a certificate of convenience and necessity as a transmission service provider ("TSP"). Another option is for Horse Hollow to sell the Gen-Tie to another TSP who would place it in public service. Horse Hollow is willing to consider either of those options if the Commission concludes that it would be beneficial and cost-effective to integrate the Gen-Tie into the CTP.

In Horse Hollow's view, the immediate task is for ERCOT to undertake the engineering analysis requested by Chairman Smitherman regarding the continued need for the McCamey D to Kendall to Gillespie line. As noted by Mr. Doggett in his August 17, 2010 letter to the

Chairman, ERCOT engineers recently examined private transmission facilities in considering the continued need for the Gillespie to Newton line. Horse Hollow personnel provided ERCOT with information to assist with that evaluation. Horse Hollow is prepared to provide additional assistance and work closely with ERCOT, the Commission, and others as they evaluate alternatives to the McCamey D to Kendall to Gillespie line. Horse Hollow is also willing to share information and analyses with LCRA TSC and any other TSP that may have an interest in acquiring the Gen-Tie.

Horse Hollow has preliminarily analyzed several possible ways in which all or part of the Gen-Tie might be used to transmit power from McCamey D. In evaluating the potential of the Gen-Tie as a cost-effective alternative, Horse Hollow has focused on maintaining the transfer capability and curtailment standards required of CREZ lines, as well as the need to minimize the burden on landowners and communities in the Hill Country. Horse Hollow would be happy to share its preliminary analysis with the Commission, ERCOT and other stakeholders at the appropriate time. Our purpose is to offer assistance as ERCOT, the Commission, LCRA TSC and others evaluate alternatives to the current proposed lines that would run from McCamey D to Kendall to Gillespie to Newton.

IV. The Commission may wish to consider modifying the scope and caption of Docket No. 38577 to provide and accurately reflect a forum for consideration of the issue.

Consideration must be given to the appropriate docket for this matter. Docket No. 38577 would seem to be a logical place. That docket was recently established to consider ERCOT's analysis of the continued need for, and alternatives to, the Gillespie to Newton line. The scope could readily be modified to include the similar analysis that ERCOT will undertake regarding the McCamey D to Kendall to Gillespie line. Both inquiries involve possible modification of the

CTP related to the McCamey CREZ, and there may be a single cost-effective solution that obviates the need for both lines.[6]

There is another open docket, of course, that concerns the proposed McCamey D to Kendall to Gillespie line. Docket No. 38354 involves LCRA TSC's application for a CCN for the line. This docket would not appear to be suitable for evaluating the continued need for the line, however, because need is not a relevant factor in CREZ CCN cases.[7] In addition, although the CCN docket is just getting underway, with the statutory 181-day deadline for decision there would not be time for ERCOT to conduct its analysis and present its recommendations in that docket.[8]

Finally, Horse Hollow suggests that consideration be given to modifying the caption of Docket No. 38577. The caption is broadly worded: "Proceeding to Determine Whether to Modify the CREZ Transmission Plan." It is Horse Hollow's understanding that this caption has generated discussion and questions regarding the scope of the proceeding. The Commission's recent Order Establishing Docket makes clear that, consistent with the Commissioners' discussion at their open meeting on August 26, 2010, the scope is "limited to determining

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[6] It is also worth recalling that the two lines are distinct from each other partly as a result of LCRA TSC's choice of scope and timing for its CCN applications. LCRA TSC originally proposed to combine its projects into two CCN applications, one from Kendall to Gillespie to Newton, and the other from Twin Buttes to McCamey D to Kendall. The Kendall to Gillespie segment was originally its own separately-assigned CTP project. In Docket 37049, however, the Commission granted LCRA TSC's request to reconfigure and delay its CCN applications. *See* PUC Docket No. 37049, *Comments Concerning LCRA TSC's Proposed CREZ Priority Transmission Lines*, Order Extending Filing Date (Oct. 19, 2009).

[7] *See* Public Utility Regulatory Act (PURA), TEX. UTIL. CODE § 39.904(h). Horse Hollow has filed this pleading not only in Docket No. 38577 but also in the CCN docket and Docket No. 37049 for notice and informational purposes. Horse Hollow also filed a motion to intervene in the CCN docket because at least one of the routes proposed by LCRA TSC may impact Horse Hollow's property interests and the operation of the Gen-Tie by crossing and paralleling the Gen-Tie. *See* PUC Docket No. 38354, Horse Hollow Generation Tie, LLC's Motion to Intervene (Aug. 27, 2010).

[8] It is important that the Commission not take any action in Docket No. 38354 that would prejudice the alternatives in which the Gen-Tie might be incorporated into the CTP.

whether the Gillespie-to-Newton transmission line is necessary or whether there are more cost-effective solutions than this specific line to accomplish the goals of the CTP in conformance with PURA § 39.904(g)(2) and P.U.C. SUBST. R. 25.174(c)." Nonetheless, to eliminate any confusion and reduce the risk of improper interventions, Horse Hollow recommends modifying the caption to read: "Proceeding to Determine Whether to Modify the CREZ Transmission Plan Related to the McCamey CREZ." This caption would accurately reflect the fact that the docket arises from and is limited to the unique concerns, changed circumstances, and new opportunities associated with the need for transmission of renewable energy across the Texas Hill Country. At the same time, such a caption would leave the Commission flexibility to consider modifying the scope of the proceeding as suggested above to include consideration of the need for the McCamey D to Kendall to Gillespie line.

V. Conclusion

Horse Hollow welcomes the opportunity not only to provide information that may assist the Commission and ERCOT as they explore cost-effective alternatives to the proposed McCamey D to Kendall to Gillespie transmission line, but also to present an alternative that may ease the burden on landowners and communities in the Texas Hill Country. A Horse Hollow representative will be present at the September 1, 2010 open meeting to address questions that the Commissioners may have about the Gen-Tie and about Horse Hollow's willingness to place the Gen-Tie into public service.

Respectfully submitted,

GRAVES, DOUGHERTY, HEARON & MOODY
A Professional Corporation
401 Congress Avenue, Suite 2200
Austin, Texas 78701
Telephone: (512) 480.5724
Facsimile: (512) 480.5824

By: _____
Ron H. Moss
State Bar No. 14591025
Mary A. Keeney
State Bar No. 11170300

COUNSEL FOR HORSE HOLLOW
GENERATION TIE, LLC

CERTIFICATE OF SERVICE

I, Ron H. Moss, attorney for Horse Hollow, certify that a copy of this document was served on all parties of record in this proceeding on August 31, 2010, in the following manner: by facsimile, overnight mail, first class mail, hand-delivery, or electronic mail.

_____
Ron H. Moss

Barry T. Smitherman
Chairman

Rick Perry
Governor

38354

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FILING CLERK

Public Utility Commission of Texas

August 26, 2010

Mr. H. B. "Trip" Doggett
President and Chief Executive Officer
ERCOT
7620 Metro Center Drive
Austin, Texas 78744

Dear Trip:

Thanks again for the good work recently performed by your staff in the re-evaluation of the Gillespie to Newton CREZ line. As you know, the Commission opened a new docket last Thursday so that we could receive all of ERCOT's work supporting its conclusions in this matter, as well as receive comments from any interested parties.

Recently, I received the attached letter from Chairman Fraser. As you can read for yourself, Senator Fraser asked me to ask ERCOT to perform an analysis (like the one you all did on the Gillespie to Newton line) to determine the continued need for the McCamey D to Kendall to Gillespie CREZ line. By way of this letter, I am asking that you perform such analysis with the following caveats;

First, do not consider upgrading existing transmission infrastructure that is presently contemplated by LCRA as a "route option" in CREZ Docket # 38354. For example, in Docket # 38354, LCRA has presented Routes MK 22, MK 23, and MK 24, (each of which uses "the P segments"). These "P segment" Routes would envision building a 345 KV line paralleling an existing AEP 138 KV transmission line, from Fredericksburg to Mason to Menard and then on to the proposed McCamey D substation. The landowners and other interested parties along this route (and all the other suggested routes) are presently litigating route selection at SOAH and I believe it would be inappropriate for ERCOT, by its analysis, to favor one route over any of the other potential routes that are part of that docket. Also, any analysis performed by ERCOT, (and the communication of that analysis), which incorporates routes options presently found in Docket # 38354, could be considered an inappropriate *ex parte* conversation.

Second, conduct your analysis with, and without, the inclusion of the NEXTera Energy privately owned "gentie". As you know, NEXTera has constructed a transmission line, known as the "Texas Clean Energy Express," that runs roughly from its wind farms in southwest Taylor County to the Kendall substation northwest of San Antonio. At this point, we do not know if NEXTera is willing to place the line into public service, or sell it to another transmission service

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ATTACHMENT A

11

provider who would place it into public service; nor do we know at what price NEXTera would be willing to sell the line. We also do not know if the specifications of the line, i.e., the height of the poles, the width of the right-of-way, the type of wire used, etc., meet ERCOT's transmission requirements. Therefore, I don't believe you can make an absolute assumption that this private line will be available for public use. Accordingly, run one analysis assuming the availability of the line and one analysis assuming that the line is not available.

Trip, I hope my directions in this matter are clear enough for ERCOT to proceed with its work. If you have any questions or comments, please contact me.

Sincerely

Barry T. Smitherman

Cc:
Senator Troy Fraser
Commissioner Donna Nelson
Commissioner Kenneth W. Anderson, Jr.

The Senate of The State of Texas

TROY FRASER

August 19, 2010

Barry Smitherman, Chairman
Public Utility Commission
PO Box 13326
Austin, Texas 78711-3326

Dear Chairman:

I want to thank you for asking the Electric Reliability Council of Texas (ERCOT) to determine if the Gillespie to Newton Competitive Renewable Energy Zone (CREZ) project was still necessary. By taking another look at this project and finding alternatives, we have been able to reduce the cost the CREZ project to the ratepayers.

The proposed CREZ line running from McCamey D to Kendall to Gillespie continues to raise concerns among landowners and communities throughout the hill country. Even though many of my constituents are questioning the need for this transmission line, you have stated that this line helps alleviate current congestion problems and adds capacity for new generation.

However, I believe we owe it to the people potentially impacted by the McCamey D to Kendall to Gillespie line to look at all our options in this project. I am requesting the Public Utility Commission instruct ERCOT to review and consider alternatives to building a brand new line. One alternative may be the use of the recently built NextEra Gen-Tie line that runs between the Abilene area and Kendall County.

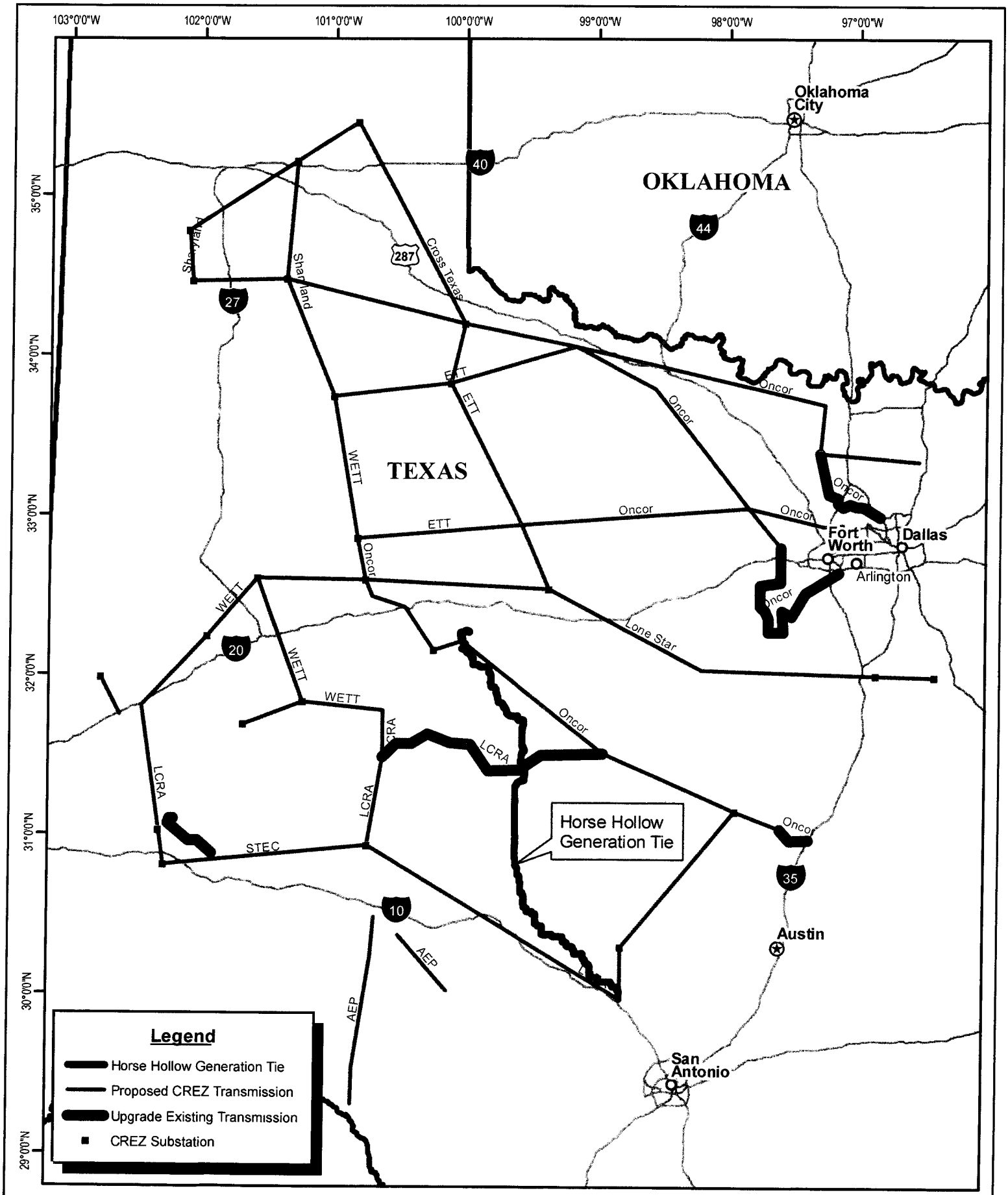
I continue to favor the use of existing rights of way and state highway rights of way in choosing routes. I was surprised that LCRA TSC submitted a proposal on the McCamey D to Kendall portion of the route that only used existing transmission and highway rights of way for one third of the project.

I understand that we must ensure that the electric grid continues to function efficiently. However, it is imperative that the state takes the time to get decisions right on how to achieve that goal.

Sincerely,

Troy Fraser
State Senator

P.O BOX 12068 ★ AUSTIN, TEXAS 78711 ★ (512) 463-0124 ★ DIAL 711 FOR RELAY CALLS



NEXTera ENERGY RESOURCES

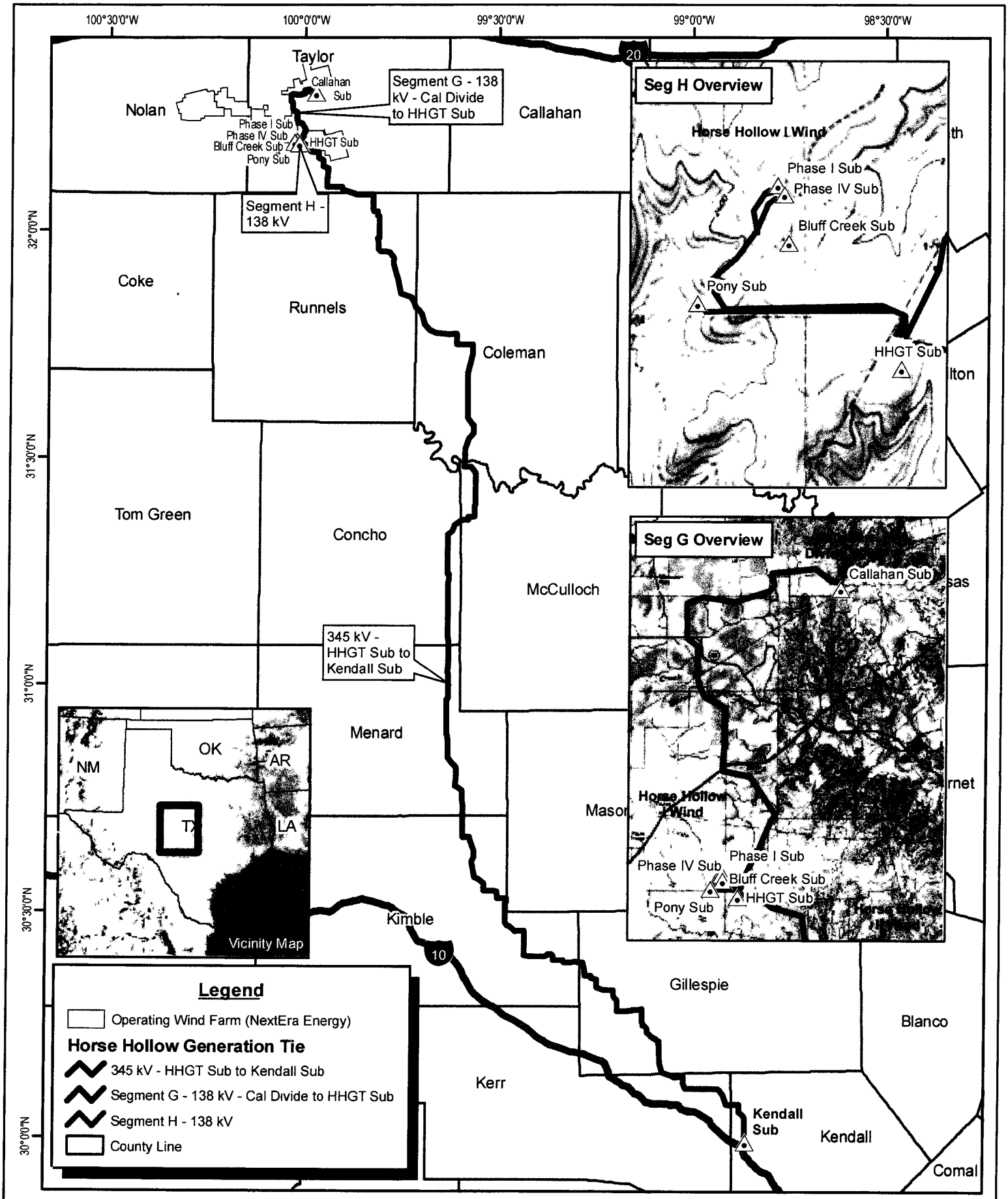
Horse Hollow Generation Tie and Proposed CREZ Transission System

Proprietary and Confidential
May 24, 2010

0 Miles 50

1:3,400,000

ATTACHMENT B



NEXTera ENERGY RESOURCES

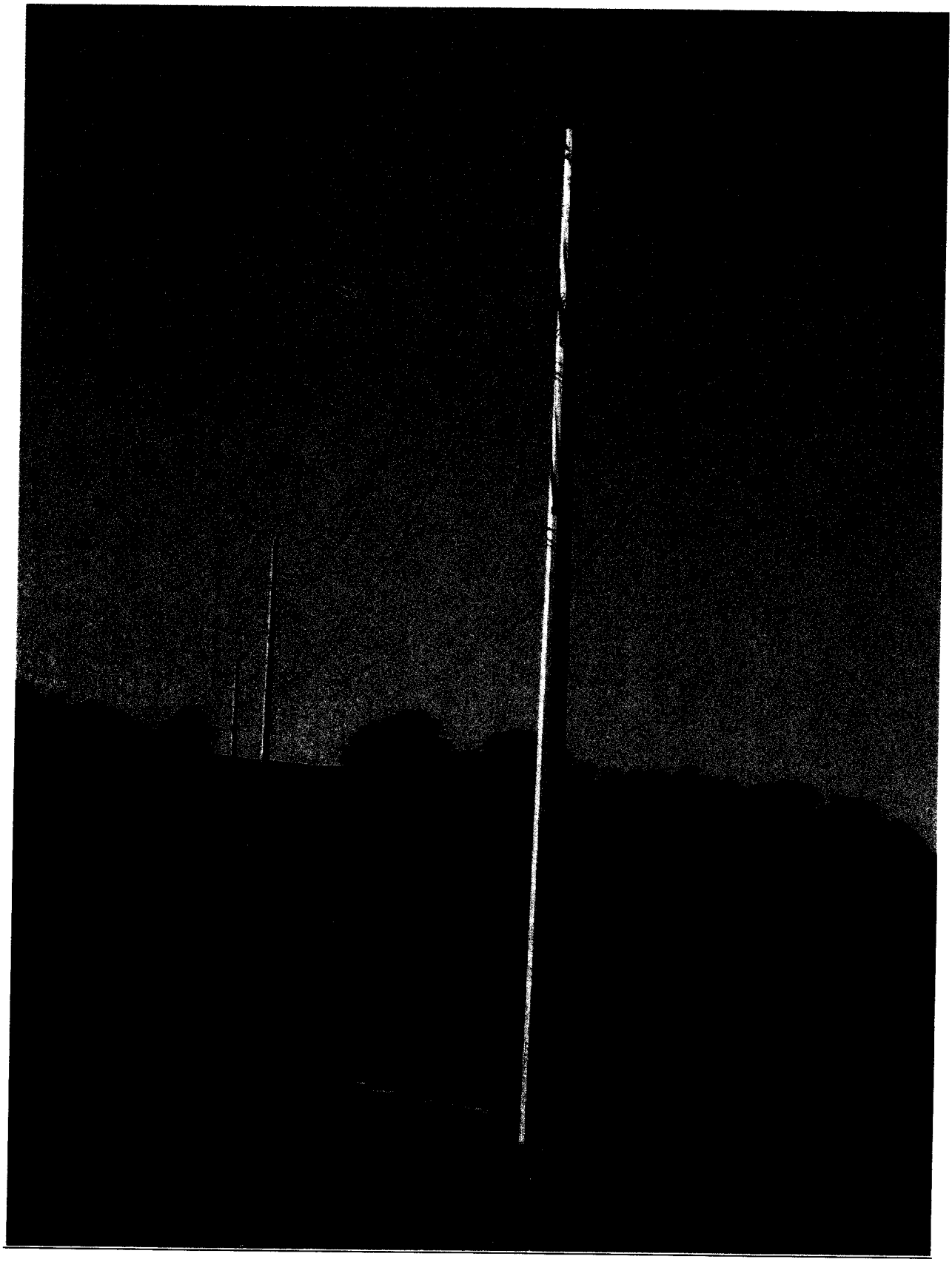
NextEra Energy Resources
Horse Hollow Generation Tie

Proprietary and Confidential
May 24, 2010

0 Miles 20

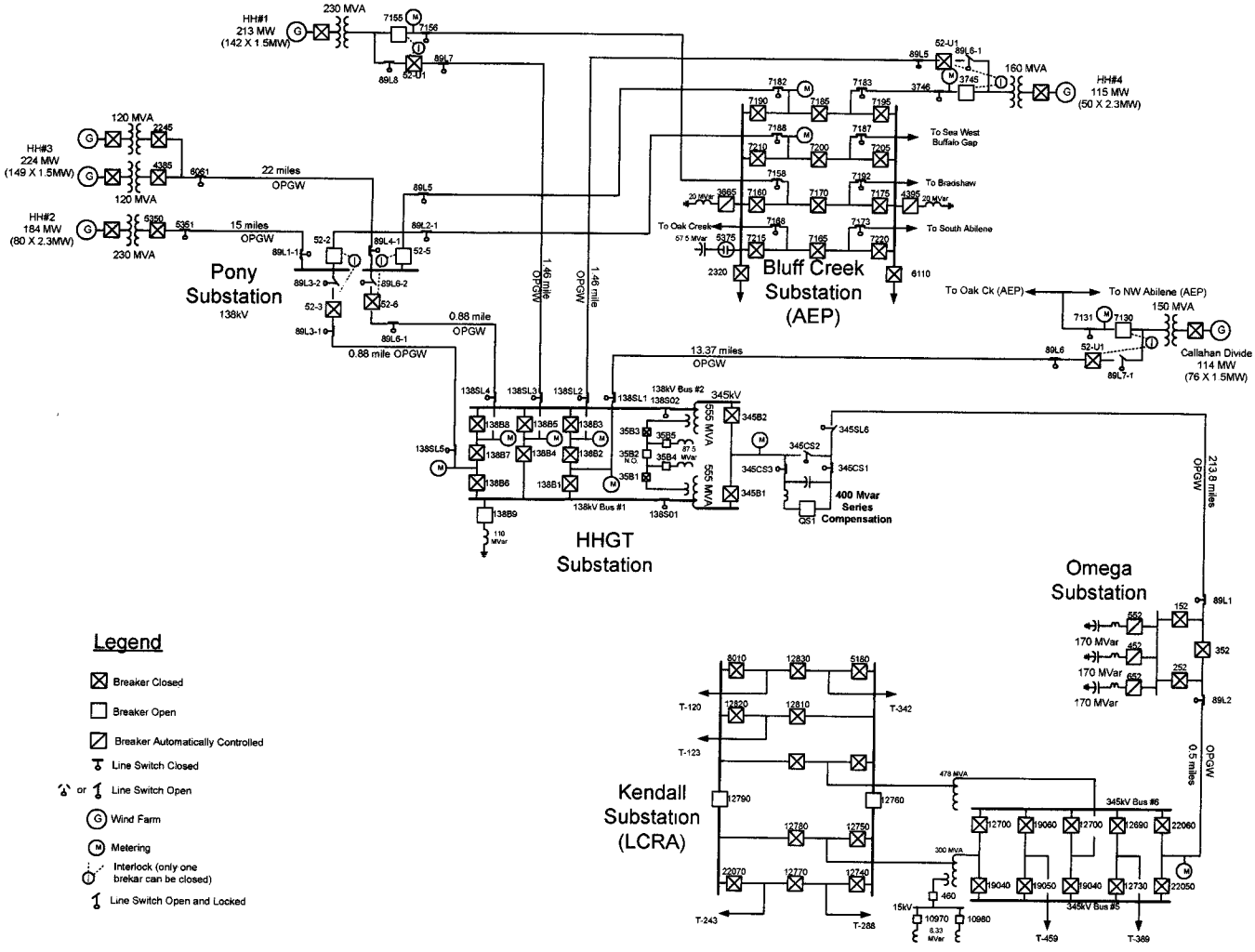
1:1,200,000

ATTACHMENT C



ATTACHMENT E

Schematic One-Line Diagram



Legend

- Breaker Closed
- Breaker Open
- Breaker Automatically Controlled
- Line Switch Closed
- or Line Switch Open
- Wind Farm
- Metering
- Interlock (only one brekar can be closed)
- Line Switch Open and Locked