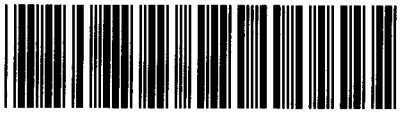
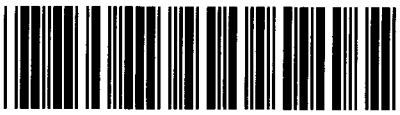


Control Number: 45624



Item Number: 246

Addendum StartPage: 0

PUC DOCKET NO. 45624

APPLICATION OF THE CITY OF GARLAND, TEXAS, FOR A CERTIFICATE OF CONVENIENCE AND NECESSITY FOR THE PROPOSED RUSK TO PANOLA DOUBLE-CIRCUIT 345-KV TRANSMISSION LINE IN RUSK AND PANOLA COUNTIES, TEXAS	§	BEFORE THE PUBLIC UTILITY COMMISSION OF TEXAS

REDACTED

DIRECT TESTIMONY

OF

CHARLES S. GRIFFEY

ON BEHALF OF

TEXAS INDUSTRIAL ENERGY CONSUMERS

April 27, 2016

246

PUC DOCKET NO. 45624

APPLICATION OF THE CITY OF GARLAND, TEXAS, FOR A CERTIFICATE OF CONVENIENCE AND NECESSITY FOR THE PROPOSED RUSK TO PANOLA DOUBLE-CIRCUIT 345-KV TRANSMISSION LINE IN RUSK AND PANOLA COUNTIES, TEXAS	§	BEFORE THE PUBLIC UTILITY COMMISSION OF TEXAS

TABLE OF CONTENTS

I. INTRODUCTION AND SUMMARY 4

A. Witness Qualifications 4

B. Overview of the Transaction and Summary of Recommendations 7

II. RISKS CREATED BY THE PROPOSED INTERCONNECTION 14

III. THERE IS NO EVIDENCE THAT THE GARLAND AND SCT LINES PROVIDE BENEFITS TO ERCOT CUSTOMERS 17

IV. ERCOT ISSUES 23

V. OTHER ISSUES 25

VI. CONCLUSIONS 29

LIST OF EXHIBITS

CSG-1	Statement of Qualifications
CSG-2	Relevant Discovery Responses

DIRECT TESTIMONY OF CHARLES S. GRIFFEY

I. INTRODUCTION AND SUMMARY

A. Witness Qualifications

Q. PLEASE STATE YOUR NAME, OCCUPATION, AND BUSINESS ADDRESS.

A. My name is Charles S. Griffey, and I am a consultant providing services to the electric and natural gas industries. I am also an Adjunct Professor of Management at Rice University's Jones Graduate School of Business. My address is 2918 Todville Road, Seabrook, Texas 77586.

Q. ON WHOSE BEHALF ARE YOU PROVIDING TESTIMONY?

A. I am testifying on behalf of Texas Industrial Energy Consumers ("TIEC").

Q. PLEASE OUTLINE YOUR FORMAL EDUCATION AND CERTIFICATIONS.

A. I have a Master of Business and Public Management from the Jones Graduate School of Business at Rice University and a Bachelor of Science in Chemical Engineering from Rice University. I am a Chartered Financial Analyst and a Professional Engineer registered in the State of Texas.

Q. PLEASE STATE YOUR PROFESSIONAL EXPERIENCE.

A. I provide consulting services to or on behalf of companies and parties throughout the energy industry, including generators, retail electric providers, customers, and the Staff of the Public Utility Commission of Texas ("Commission"). Prior to becoming a consultant in 2009, I was employed by Reliant Energy, Inc. ("Reliant") as Senior Vice President of Regulatory Affairs and Market Design. I was responsible for Reliant's nationwide efforts

in the design of competitive markets, regulatory affairs including interface with state commissions and Regional Transmission Organizations, and government affairs. Reliant owned generation in a number of states and had retail operations in Texas and the Mid-Atlantic region. At Reliant I served on the Strategic Planning Committee, the Retail Leadership Team, and the Wholesale Leadership Team.

I began working for Houston Lighting and Power ("HL&P"), the electric utility serving parts of Southeast Texas and the predecessor company to Reliant, in 1989 in Corporate Planning, where I worked on generation planning and demand-side management, including analysis of power purchases and determination of marginal cost. Beginning in 1995, I was also responsible for the rate department, and eventually I became Vice President of Regulatory Planning, with responsibility for generation planning, financial planning, rates, and rate design and cost allocation. Subsequently, I helped lead the integrated utility's efforts in restructuring the ERCOT market and transitioning the company for competition, integrating both wholesale and retail market design and operations, restructuring of utility functions and affiliate issues, the corporate separation and spin-off of the unregulated business, and public policy advocacy.

Before working for Reliant, I worked at Austin Energy, at the Public Utility Commission of Texas ("Commission"), and for Bechtel Group, Inc. as an engineer on the Coolwater Coal Gasification Project.

Q. HAVE YOU PREVIOUSLY TESTIFIED BEFORE ANY REGULATORY COMMISSIONS OR COURTS?

A. Yes. I have testified before the Public Utility Commission of Texas, the Federal Energy Regulatory Commission ("FERC"), and the state regulatory commissions in Kansas,

Maryland, Mississippi, and Pennsylvania. I have also testified or provided expert reports to state and federal courts and provided testimony before the Texas Legislature. As a consultant, I have testified on behalf of industrial customers, retail electric providers, generators, and Commission Staff. Exhibit CSG-1 lists the testimony I have presented and a summary of my work experience.

Q. PLEASE DESCRIBE YOUR EXPERIENCE WITH MATTERS PERTAINING TO TRANSMISSION PLANNING AND REGULATION.

A. At HL&P, my responsibilities included corporate and regulatory planning, including generation planning and the interface with transmission planning. After HL&P was unbundled, my responsibilities at Reliant included the interface between the unregulated generation and retail businesses and the various RTOs in which they operated. These responsibilities included understanding transmission planning in PJM, MISO, ERCOT, California, and the Entergy area. I am familiar with the RPG process at ERCOT and have testified regarding transmission planning in a number of cases at the Commission. I also regularly advise clients on wholesale market issues that are directly impacted by transmission planning and policies within ERCOT.

Q. IS YOUR TESTIMONY BASED ON YOUR PERSONAL KNOWLEDGE AND EXPERIENCE AND THE INFORMATION YOU REVIEWED IN THIS CASE?

A. Yes.

Q. DID YOU RELY ON SOURCES OF INFORMATION THAT YOU REGARD AS RELIABLE AND ORDINARILY AND CUSTOMARILY USED AND RELIED ON BY THOSE INVOLVED IN THE ELECTRIC INDUSTRY?

A. Yes. In addition to the Application, my testimony is based on responses to Requests for Information ("RFIs"), which are attached as Exhibit CSG-2.

B. Overview of the Transaction and Summary of Recommendations

Q. PLEASE BRIEFLY DESCRIBE THE PROPOSED TRANSMISSION PROJECT.

A. Southern Cross Transmission LLC ("SCT") is planning to construct transmission to allow approximately 2,000 MW of generation to be imported to or exported from ERCOT. SCT has represented that the facilities will ultimately interconnect with a utility in the Eastern Interconnect, but has not identified a specific termination point for the project or even the utility with which it will connect.

In this proceeding, the City of Garland ("Garland") is seeking approval to interconnect the SCT project to ERCOT through a 345 KV line and a substation to be located in Panola County, Texas. On the eastern side of the Panola substation, a bus extension will connect to SCT's DC converter station, which will be located in Louisiana. Garland's ownership of the bus extension is proposed to terminate at the Texas border. On the western side, the 345 KV line is to terminate at a new substation in Rusk County to be owned by Oncor. This substation will then connect to several existing 345 KV lines that are also owned by Oncor.[1]

[1] Direct Testimony of Darrell W. Cline at 6.

Q. WHO OWNS AND/OR CONTROLS SCT?

A. SCT is owned by Pattern Energy Group LP, the majority of which is owned by Riverstone Holdings LLC.

Q. WHAT OTHER PATTERN COMPANIES DO BUSINESS IN TEXAS?

A. Rusk Interconnection LLC ("Rusk," not to be confused with the Rusk Substation to be built by Oncor) is the entity that will build the Garland facilities and is responsible for reimbursing Garland for operations and maintenance ("O&M") costs. Pattern Energy Group LP also owns 23% of Pattern Energy Group Inc., which in turn owns an interest in almost 900 MW of wind generation in Texas.[2]

Q. HOW WILL THE FACILITIES BE FINANCED, CONSTRUCTED AND FUNDED?

A. Oncor will own the Rusk Substation, and SCT anticipates that the Rusk Substation and associated facilities will be included in Oncor's transmission cost of service ("TCOS") rates and, therefore, funded by all customers in ERCOT.[3] Under the proposal, SCT's affiliate, Rusk, will pay to construct Garland's 345 KV line and the Panola Substation. Once Garland acquires these facilities, Rusk will pay for "reasonable"[4] ongoing operations, maintenance, and decommissioning costs.

[2] 2015 Form 10-k of Pattern Energy Group Inc. at 19.

[3] SCT Response to TIEC 1-13.

[4] Garland Response to TIEC 1-6.

Q. HOW DO SCT AND RUSK PROPOSE TO PAY FOR THE GARLAND FACILITIES AND THE OTHER SCT PROJECT COSTS?

A. SCT intends to hold an open season/open solicitation seeking long-term contracts for the DC tie capacity. These contracts would then be used to finance the costs of constructing, maintaining, and operating the facilities.[5]

Q. WILL ANY COSTS ASSOCIATED WITH THESE FACILITIES BE INCLUDED IN TCOS UNDER GARLAND AND SCT'S PROPOSAL?

A. Yes. As noted above, SCT anticipates that the Oncor facilities will be included in TCOS, although SCT has promised to reimburse Oncor if the facilities do not ultimately make it into TCOS.[6] In addition, if certain costs arise in the future that SCT/Rusk is not obligated to fund under the transaction documents, or if SCT/Rusk defaults on any payments owed to Garland, then Garland will also seek to include those costs in TCOS. This is discussed in more detail in Section II of my testimony.

Q. HOW WILL GARLAND BENEFIT FROM PARTICIPATING IN THE SCT PROJECT IF IT WILL NOT INCLUDE THE INTERCONNECTION FACILITIES IN TCOS?

A. Under the proposal, Rusk would make monthly payments to Garland that amount to more than ***[redacted]*** in nominal dollars over the next ***[redacted]*** years.[7] This is a

[5] SCT Response to TIEC 1-7.

[6] SCT Response to TIEC 1-13.

[7] Article 3.1 of the Facilities Agreement. *See* Exhibit DWC-2 attached to the Direct Testimony of Mr. Cline.

present value of *** [redacted] ***

Q. WILL GARLAND TAKE ON ANY RISK ASSOCIATED WITH THESE PAYMENTS?

A. Garland is taking on very little risk under the proposal. Garland is retaining the right to recover in TCOS any amounts that are not ultimately reimbursed by Rusk. Therefore, Garland's only risk is that the Commission might disallow such unreimbursed costs in TCOS rates.

Q. WHAT ARE THE THEORETICAL BENEFITS AND RISKS TO ERCOT CUSTOMERS IF THIS PROJECT IS COMPLETED?

A. A potential benefit is that the line would serve as an additional source of supply when prices in ERCOT exceed prices in the area where SCT will interconnect. However, SCT claims that it does not know where the SCT project will ultimately interconnect at its eastern end.[8] Without knowing the characteristics of the area that will be interconnected to ERCOT through the SCT project, it is impossible to meaningfully estimate the value of this additional source of supply. Moreover, in SCT's analysis, imports into ERCOT over the SCT line are *de minimis* – only 49,951 MWh in the case with SCT (roughly 0.01% of ERCOT's overall usage and a small fraction of the imports forecasted over the existing DC ties) – and SCT's analysis shows no meaningful benefit from these limited imports. Additionally, SCT has not evaluated the cost of the additional ancillary services

[8] SCT Response to TIEC's Motion to Compel on TIEC 1-15.

necessary to interconnect of 2000 MW of supply from outside ERCOT, which will at least partially offset any benefits from additional supply.[9]

The risks of the project include: (1) ratepayers may have to pay some of the costs of operating, maintaining and decommissioning the project, and (2) the costs charged to imports/exports will not fully cover the actual costs of importing/exporting power from ERCOT. Since utilities in other power regions are not native load customers in ERCOT, they should not benefit from average cost pricing of transmission and ancillary services if the incremental cost of the service is higher. Nor should the cost of ancillary services to support an export be charged to customers within ERCOT.

Q. IS THERE ANY CREDIBLE EVIDENCE THAT THE BENEFITS TO ERCOT CUSTOMERS WILL EXCEED THE RISKS INVOLVED WITH THE PROJECT?

A. No. As mentioned above, SCT claims to not know where or to what entity the DC tie will interconnect. Without this information, or a demonstration that a change in the interconnection point does not affect the results, the Commission should give no weight to SCT's modeling showing an interconnection to a specific point in the ***[redacted]*** territory, and in any case SCT's own modeling shows insignificant import flows over the SCT line.

Further, SCT used unreasonable assumptions that render its benefits analysis unreliable. For example, as discussed in more detail in Section III, when performing the benefit

[9] SCT Response to TIEC 1-35.

analysis, SCT's consultants assumed that exports across the 1250 MW of existing DC ties were not allowed in any of the cases studied. In the cases with the SCT project, exports were allowed ***only across the SCT line***. When these exports were allowed in the SCT cases, output from previously constrained zero-production-cost renewable generation increased, which in turn reduced overall production cost. Therefore, the increase in assumed wind production, reduction to overall production costs, and the corresponding wheeling revenue are all solely a product of the way the modeling was performed (i.e., the base case was incorrectly specified). Thus, the purported benefits of lower production costs and increased wheeling revenues are purely an artifice of SCT's modeling approach and cannot actually be attributed to the SCT project. There are other problems with the modeling as well, as discussed below in Section III.

Additionally, we do not know what the cost impacts on ERCOT ratepayers would be for any transmission upgrades that may be required to support 2000 MW of additional exports, or the increased cost of ancillary services associated with the line and its exports. While it is too soon to determine such issues with specificity, it is appropriate for the Commission to follow the general principle that customers should not have to pay to support exports of energy from ERCOT, and ensure that exporting entities bear the full cost of exporting power.

Q. WOULD SUCH A FINDING VIOLATE POSTAGE STAMP PRICING OR DISCRIMINATE AGAINST THE SCT PROJECT?

A. No. PURA § 35.004(d) requires postage stamp pricing for electric transmission service ***within*** ERCOT—not for exports from ERCOT. While PURA § 35.004(b) requires the

Commission to ensure that non-discriminatory service is provided for certain entities within ERCOT, SCT has admitted that it does not meet the definition of any of the entities listed in this subsection,[10] and SCT should not be permitted to claim the benefits of being a TSP in ERCOT while disclaiming the corresponding obligations. Finally, PURA § 35.004(e) requires only that ancillary services be provided at prices, terms, and conditions that are not unreasonably preferential, prejudicial, discriminatory, predatory, or anti-competitive. Taken together, the Commission has the authority to ensure that ERCOT customers do not subsidize exports from ERCOT.

Q. WHAT SPECIFIC CONDITIONS DO YOU RECOMMEND TO MITIGATE THESE RISKS AND ENSURE THAT THE PROJECT IS IN THE PUBLIC INTEREST?

A. As discussed in further detail below, I recommend that the Commission impose the following conditions and findings:

1. As a general principle, export transactions must bear the full cost of supporting those transactions, including both transmission and ancillary services costs.
2. No costs related to the Rusk or Panola Substations or the Rusk to Panola Line shall be allowed in TCOS under any circumstances.
3. Garland will be treated as an affiliate of SCT and the Pattern companies, and subject to code of conduct restrictions, for all purposes related to the facilities for which Garland is seeking a CCN.
4. Exercising the put or call options in the transmission line agreement will not lead to the transfer of a CCN to SCT or Rusk without Commission approval.
5. Garland and Oncor will disconnect the line at their respective substations if:
    a. FERC ever asserts jurisdiction over ERCOT due to the line; or
    b. if a synchronous connection is ever made to the line outside the State of Texas; or

[10] *See* SCT Response to TIEC 1-8(e) wherein SCT states that it is not an "electric utility" or a "transmission service provider" as defined by Texas law and ERCOT protocols.

c. if SCT fails to follow an ERCOT protocol or Commission rule or order, and as a result, the Commission orders disconnection of the facilities.

6. SCT should be a member of the Investor-Owned Utility (IOU) segment for ERCOT governance and should be registered as an independent DC tie operator for purposes of the market participant agreement.

7. All utilities should include their full costs in the TCOS calculation for exports and direct Staff to ensure TSPs to make such updates in their next filings.

II. RISKS CREATED BY THE PROPOSED INTERCONNECTION

Q. WHAT NEW RISKS TO CUSTOMERS WOULD BE CREATED BY GARLAND INTERCONNECTING THE SCT PROJECT TO ERCOT?

A. The risks come in two forms: (1) the risk of FERC oversight of ERCOT, and (2) the risk that higher wholesale power prices and other cost increases will be imposed on customers in ERCOT as a result of the project.

Q. GIVEN THAT FERC HAS STATED THAT INTERCONNECTING SCT WILL NOT SUBJECT ERCOT TO FERC JURISDICTION, WHY DO YOU BELIEVE THAT SUCH A RISK EXISTS?

A. Circumstances could change in the future. In addition, FERC only evaluated a limited set of facts, which could also change in the future. For these reasons, the Commission should ensure that the ERCOT utilities will disconnect the SCT line if FERC attempts to exert jurisdiction or if a synchronous connection is ever made to the Garland facilities outside the State of Texas.

Q. GIVEN THAT SCT/RUSK IS SUPPOSED TO PAY FOR CONSTRUCTION OF THE GARLAND LINE AND REIMBURSE O&M COSTS, HOW COULD ERCOT

CUSTOMERS SEE HIGHER COSTS FROM INTERCONNECTING THE SCT PROJECT?

A. There are a number of ways. First, SCT is anticipating that the cost of building the Oncor substation and interconnecting it with three existing 345 KV lines will be borne by ERCOT customers. SCT has pledged to backstop those costs only if Oncor is unable to place them into TCOS.[11] Second, SCT/Rusk is only contractually required to pay the "reasonable" operation and maintenance costs of the Garland line, and Garland has reserved the right to seek recovery of the remainder in TCOS.[12] There are also numerous itemized exclusions in the Facilities Agreement that specify amounts which SCT/Rusk are not bound to pay.[13] Third, in the event that the line is decommissioned and the decommissioning fund is inadequate to cover the associated costs, Garland has reserved the right to seek recovery of such costs from ERCOT customers.[14] Fourth, if Rusk defaults on O&M payments to Garland after the line is built, Garland has reserved the right to seek to include any O&M amounts that SCT/Rusk does not pay in TCOS.[15] Effectively, Garland is proposing that ERCOT customers, not Garland, bear the credit risk of transacting with Rusk, while Garland will receive all the financial benefits of this transaction.

Q. IS MR. PARQUET'S STATEMENT THAT "THE COST OF THE FACILITIES IDENTIFIED IN THE INTERCONNECTION AGREEMENTS TO BE OWNED

[11] SCT Response to TIEC 1-13.

[12] Article 3.2.1 of the Facilities Agreement and Garland Responses to TIEC 2-1 and 2-5.

[13] Article 3.2.1 of the Facilities Agreement.

[14] Garland Response to TIEC 2-2.

[15] Garland Response to TIEC 2-1 and 2-5.

BY GP&L AND SCT WILL BE THE RESPONSIBILITY OF SCT AND . . . NEITHER GP&L OR SCT WILL SEEK RECOVERY OF THESE COSTS FROM RATEPAYERS" ACCURATE?[16]

A. This statement is misleading because it relates exclusively to the immediate capital costs of the Garland facilities. However, SCT intends for the capital costs of the Oncor facilities to be charged to Texas ratepayers, and there are a number of circumstances where Garland would seek to charge ratepayers for O&M and decommissioning costs. Subsequently, Mr. Parquet has stated that SCT will not seek to recover "any costs of any facilities"[17] to be owned by Garland from ratepayers. However, that seemingly more blanket statement is not reflected in the agreements between SCT/Rusk and Garland.

Q. IS IT IN THE PUBLIC INTEREST FOR GARLAND TO RECEIVE *[redacted]*** OF DOLLARS IN FACILITIES PAYMENTS WHILE BURDENING RATEPAYERS WITH THE RISK OF ANY SHORTFALLS IN O&M AND DECOMMISSIONING FUNDING FROM RUSK?**

A. No. The Commission should not allow Garland to shift the risk that Rusk will default or fail to fully fund O&M or decommissioning costs to ratepayers while Garland receives the financial benefits of the transaction. The call option in the Transmission Line Agreement appears to use an ***[redacted]*** discount rate to value the remaining facilities payments, and it is inappropriate for Garland to earn such a return while retaining the right to transfer credit and contractual risks to customers.

[16] Direct Testimony of David Parquet at 7.

[17] SCT Response to TIEC 2-34.

Q. WHAT TO DO YOU RECOMMEND?

A. As a condition of approval, the Commission should require that neither Garland nor Oncor will charge ratepayers for any capital, O&M, or decommissioning costs associated with interconnecting the SCT project to ERCOT. This condition is not overly burdensome because Garland is receiving adequate remuneration to compensate it for bearing some of the risk associated with the project, and Oncor, which is backstopped by SCT, should not be adversely affected.

III. THERE IS NO EVIDENCE THAT THE GARLAND AND SCT LINES PROVIDE BENEFITS TO ERCOT CUSTOMERS

Q. DO YOU BELIEVE THAT THE ANALYSIS PROVIDED PRESENTED BY SCT IS A CREDIBLE ESTIMATE OF BENEFITS FROM THE GARLAND/SCT PROJECT FOR ERCOT CUSTOMERS?

A. No. There are a number of problems with SCT's analysis. First, the base case in SCT's modeling presumed that no exports would flow over the five existing DC ties that connect ERCOT to SPP and Mexico. As a result, the base case artificially constrains a considerable amount of zero-production-cost renewable generation and artifically increases overall production costs. In the change cases where SCT is modeled, exports are allowed—***but only over the SCT line***. Therefore, it is the modeling assumptions alone that result in the benefits of increasing zero-production-cost renewables relative to the base case, and unreasonably allocate these benefits exclusively to the SCT cases. This flaw artificially reduces production costs and prices in the scenarios where SCT is modeled, creating illusory "benefits."

Second, the results of SCT's modeling (which assumes an interconnection with ***[redacted]***) are completely speculative because SCT has not determined where the proposed DC tie will terminate. The specific interconnection point within a utility service area is important, but even more broadly, whether the project will connect to, for example, Southern Company, TVA, or Entergy, matters even more to the economic dispatch and modeling results. Without knowing where and with which utility the DC tie interconnects, SCT's benefits analysis is entirely hypothetical and unreliable.

Third, imports over the SCT line are negligible, and SCT has made no attempt to quantify any additional, offsetting transmission and ancillary service cost associated with interconnecting SCT or importing/exporting large amounts of power.

Finally, SCT has been remarkably obstinate in providing the input data and results to allow a third party to verify that their modeling is reasonable. Without access to that data, I have concerns about the quality of the results, particularly given the emails between SCT's contractor and subcontractor indicating that the model was ***[redacted],***[18] the limited amount of output data reviewed by SCT's contractor, and the fact that SCT's contractor had to speculate on why certain results occurred.[19]

[18] SCT Supplemental Response to TIEC 2-12 including emails between Resero and LCG between December 10-13:

[redacted]

[19] SCT Response to TIEC 2-31.

Q. DID SCT INITIALLY INTEND TO MODEL EXPORTS OVER THE EXISTING DC TIES?

A. ***[redacted][20]***

Q. WHAT DID SCT AND ITS CONSULTANTS ACTUALLY DO IN THE ANALYSIS THEY HAVE PRESENTED IN THIS CASE?

A. They did not model any exports from ERCOT over the existing DC ties.[21]

Q. WHEN DID THEY MAKE THIS CHANGE TO THEIR MODELING ASSUMPTIONS?

A. That is unclear. TIEC requested all communications between SCT and its consultants with regard to the modeling, including changes in assumptions. None of the emails provided by SCT address when the decision was made ***[redacted]***

Q. WHAT DO SCT'S CONSULTANTS CLAIM IS THE REASONING FOR MODELING THE DC TIES THE WAY THEY DID?

A. SCT's consultants justified assuming zero export flows over the SPP DC ties (820 MW total capacity), by claiming that such an assumption aligns with ERCOT's typical

[20] *See* SCT Supplemental Response to TIEC 2-12 (email string beginning November 18, 2015 at 7:25 AM from Ms. Wolfe to Mr. Parquet, Mr. Stan Gray of Pattern Energy, and Mr. Bruce and ending on November 19, 2015 with a 10:16 AM email from Mr. Bruce to those parties).

[21] SCT Response to TIEC 2-27.

economic project modeling practices. They also modeled the Eagle Pass, Laredo, and Railroad ties (430 MW total capacity) as if those ties imported zero-production-cost power into ERCOT in every hour at maximum capacity, but provided no justification for this unrealistic assumption.[22]

Q. DID SCT'S CONSULTANTS ASK SCT FOR GENERAL GUIDANCE ABOUT THE MODELING ASSUMPTIONS?

A. Yes. ***[redacted]***[23] Unfortunately, it appears in this case they did neither.

Q. IS THE APPROACH THAT SCT'S CONSULTANTS USED CONSISTENT WITH ERCOT PRACTICES FOR EVALUATING DC TIES?

A. No. My understanding is that ERCOT models DC tie flows based on historical usage when examining economic transmission upgrades ***within*** the ERCOT system. Historically, ERCOT has modeled the SPP DC ties as low-cost gas-fired generators, which replicates imports over that line. However, the ties to Mexico generally export from ERCOT instead of importing at their maximum capacity in each hour as SCT's consultants assumed. As I understand it, ERCOT uses this approach to evaluate whether it is economic to upgrade a line within ERCOT, not that it is how they would evaluate the benefits of interconnecting ERCOT with another power region.

[22] *Id.*

[23] SCT Supplemental Response to TIEC 2-12 (November 18, 2015 email from Ms. Wolfe to Mr. Parquet and others at SCT).

Q. IS ERCOT'S HISTORICAL MODELING PRACTICE FOR THE SPP DC TIES WHEN EXAMINING ECONOMIC TRANSMISSION PROJECTS WITHIN THE ERCOT SYSTEM DISPOSITIVE FOR HOW THE EXISTING DC TIES SHOULD BE MODELED TO DETERMINE THE BENEFITS OF SCT?

A. No. As noted above, ERCOT's practices were developed to model the economics of transmission projects ***within*** ERCOT. Given that SCT created an economic model linking ERCOT and the Eastern Interconnect, there is no reason not to model the existing DC ties with SPP on an economic basis for both exports and imports, instead of only imports. If one is attempting to model the economics of a DC tie connecting ERCOT and the Eastern Interconnect and test how that tie may relieve constraints on low cost generation in South Texas, West Texas, and the Panhandle, it makes little sense to distort that model by allowing economic dispatch of power only over the new tie, which is, on average, the furthest from the constrained areas. It makes even less sense to assume that the 450 MW of ties from Mexico will import zero-production-cost power (and thereby exacerbate constraints in ERCOT) when those ties historically *export* power (which would tend to alleviate those constraints).

Q. WHAT IS THE IMPACT OF SCT'S DECISION TO MODEL THE TIES IN THIS WAY?

A. SCT's modeling assumptions create the illusion that building the SCT DC tie will result in production cost savings by relieving constrained renewables and facilitating large economic exports to the Eastern Interconnect. However, the vast majority of these savings would have been present in the base case if SCT had properly allowed exports

over the existing DC ties.[24] In sum, the modeling assumptions are artificially and inappropriately inflating the purported benefits.

Q. RETURNING TO THE EMAIL STRING WHEREIN SCT ORIGINALLY SAID * [redacted] *** ARE THERE OTHER ADMISSIONS FROM SCT THAT MIGHT BE IMPORTANT TO THE COMMISSION?**

A. Yes. *** [redacted] *** This indicates that the modeled wheeling costs fall far short of the actual cost of wheeling power from ERCOT. Ms. Wolfe provided a sensitivity analysis that indicated that production cost savings would decrease by about $20 million with higher wheeling charges. Given that most of the production cost savings are an artifice of the modeling assumptions, this additional $20 million would certainly eliminate the production cost savings associated with the artificially constrained renewables.

Q. WOULD THERE STILL BE BENEFITS TO IMPORTS INTO ERCOT OVER THE SCT DC LINE?

[24] Exports in the SCT-only case are approximately one and one-half the amount of constrained renewable energy in the base case, so most of the benefits projected in SCT's model could be achieved by allowing the existing DC ties to export up to their 1250 MW capacity in the base case, without even adjusting the model to remove SCT's unreasonable assumption that the Mexico DC ties would import 450 MW of zero cost power in every hour.

[25] *See* SCT Supplemental Response to TIEC 2-12 (email string beginning November 18, 2015 at 7:25 AM from Ms. Wolfe to Mr. Parquet, Mr. Stan Gray of Pattern Energy, and Mr. Bruce and ending on November 19, 2015 with a 10:16 AM email from Mr. Bruce to those parties).

A. In theory. However, without estimating the cost of increased ancillary services or knowing with whom SCT proposes to interconnect, such benefits are purely speculative. Further, SCT's subcontractor LCG was both ***[redacted]*** and ***[redacted]*** by how little the line was used for imports into ERCOT, so the Commission should be skeptical of the purported benefits associated with such imports.[26]

IV. ERCOT ISSUES

Q. SCT CLAIMS THAT THE ERCOT ISSUES LISTED IN THE PRELIMINARY ORDER ARE NOT RIPE FOR DECISION IN THIS CASE.[27] DO YOU AGREE?

A. Not entirely. While I agree that some of the issues raised in the Preliminary Order are more appropriately addressed in detail at ERCOT, I believe the Commission should guide discussions at ERCOT by making high-level findings on certain policy issues implicated by significant DC tie exports.

Q. WHAT FINDING DO YOU RECOMMEND?

A. The Commission should explicitly find that exports from ERCOT should not be subsidized by ERCOT customers.

Q. WHY DO YOU MAKE THAT RECOMMENDATION?

A. When the concept of "loads pay" (i.e., socialized transmission and ancillary services) was embedded in our market design in the late 1990s, it was based on ERCOT being an

[26] SCT's Supplemental Response to TIEC 2-12 (emails dated December 7, 2015 and December 13, 2015 from LCG to Ms. Wolfe).

[27] Direct Testimony of Mark Bruce at 3; SCT Response to TIEC 2-37.

electrical island.[28] As the end users on that "island," the concept was that transmission and ancillary services were used to deliver power that benefited all customers within ERCOT. This policy rationale is materially undermined if potential exports increase beyond a minimal amount, as we are beginning to see in ERCOT. If "loads pay" is to continue, the Commission needs to ensure that any costs needed to support external, non-native load is charged to those exports, and not to native customers within ERCOT.

Q. DOES SCT AGREE THAT ERCOT HAS THE RIGHT TO STOP EXPORTS OVER THE DC TIE IN THE EVENT OF AN EEA EVENT IN ERCOT?

A. Yes.[29]

Q. DOES ANYTHING NEED TO BE DONE TO CODIFY THAT SCT WILL ABIDE BY THIS REQUIREMENT?

A. The Commission should require SCT to abide by this requirement, like all other ERCOT protocol requirements, as a condition of approval, and should order Garland and/or Oncor to disconnect the SCT facilities if SCT does not abide by this or other required conditions and ERCOT rules.

Q. SHOULD ERCOT CUSTOMERS BE RESPONSIBLE FOR THE COSTS OF TRANSMISSION SYSTEM UPGRADES THAT ARE NECESSARY ONLY TO SUPPORT EXPORTS FROM ERCOT?[30]

[28] I made one of the first presentations to the Commission on the reasons for benefits of "load pays" for transmission and ancillary services as a market design in ERCOT.

[29] SCT Response to TIEC 1-16.

[30] Preliminary Order Issue 4.c.

A. No. Cost responsibility should generally follow benefits, so export transactions should bear the cost of the upgrades necessary to support additional exports.

Q. SHOULD THE OTHER ERCOT ISSUES IN THE PRELIMINARY ORDER BE ADDRESSED AT THIS TIME?

A. Not beyond the guidance that export transactions should not be subsidized by ERCOT customers.

V. OTHER ISSUES

Q. WHAT OTHER ISSUES SHOULD THE COMMISSION ADDRESS?

A. The Commission should: (1) address how Garland should treat Pattern Energy and its affiliates, (2) ensure that Rusk or its successors will not automatically gain a CCN for the Garland facilities without Commission approval if Rusk exercises its call option on those facilities, and (3) determine the manner in which SCT will participate in ERCOT and the stakeholder process.

Q. HOW DO PATTERN ENERGY AND ITS AFFILIATES CURRENTLY PARTICIPATE IN THE ERCOT MARKET?

A. Pattern has affiliates that participate in the competitive market, including a renewables developer, an energy marketer, and an indirectly owned renewables business, which owns a controlling interest in 883 MW of wind generation in ERCOT.[31] In addition Pattern Energy Group, LP itself is controlled by Riverstone Holdings LLC,[32] which owns a

[31] SCT Response to TIEC 2-13.

[32] *See* http://www.riverstonellc.com/#!partners/renewable-energy/pattern-energy-group-lp and

substantial portion of Talen Energy.[33] Talen Energy, in turn, owns approximately 1,800 MW of fossil generation in the ERCOT market. Thus, Pattern and its affiliates own approximately 2,700 MW of competitive generation in ERCOT. ***[redacted] [redacted] [redacted] [redacted]*** had been added in ERCOT.[34] ***[redacted] [redacted]***

Q. HOW DOES THIS IMPACT GARLAND?

A. The various agreements between Garland and Rusk require Garland to upgrade its facilities at Rusk's request, provided that Rusk reimburses Garland.[35] This option is not made available to other market participants and could provide a competitive advantage to Rusk's affiliates.

Q. HOW COULD IT PROVIDE A COMPETITIVE ADVANTAGE?

A. As an example, if a utility on the eastern side of the SCT line wanted delivery of a set amount of renewable energy (i.e., block dispatch instead of economic dispatch), it is possible that Rusk's affiliates may be uniquely positioned to make such an offer by virtue of their ability to upgrade the Garland line as necessary, which is an advantage that no other competitor could offer.

---

http://investors.patternenergy.com/secfiling.cfm?filingID=1628280-16-11961&CIK=1561660.

[33] http://www.nasdaq.com/symbol/tln/ownership-summary.

[34] SCT Supplemental Response to TIEC 2-12; SCT Response to TIEC's Motion to Compel regarding TIEC 2-12.

[35] Garland Response to TIEC 1-1(d).

Q. WHAT SHOULD BE DONE TO PREVENT PATTERN GAINING SUCH A COMPETITIVE ADVANTAGE?

A. The Commission should require Garland to treat Pattern's affiliates as its own for purposes of these facilities, and require non-discriminatory conduct toward all competitive entities.

Q. DOES THE TRANSMISSION LINE AGREEMENT CONTAIN OPTIONS WHERE THE OWNERSHIP OF THE GARLAND LINE COULD CHANGE?

A. Yes. It allows Garland to "put" the line to Rusk and Rusk to "call" the line from Garland under certain circumstances and for certain payments.

Q. DO GARLAND AND SCT AGREE THAT EXERCISE OF THESE OPTIONS WILL NOT AUTOMATICALLY CONFER A CCN TO RUSK?

A. Yes.[36]

Q. GIVEN THAT, IS THERE ANYTHING THE COMMISSION SHOULD DO IN THIS CASE?

A. Yes. While these entities may take this position now, nothing prevents them from taking a different position later, nor does it prevent a successor to Rusk (such as the entities providing financing for the project), from taking a different position. Therefore, the Commission should condition this CCN to state that the exercise of the options requires Commission approval.

[36] SCT Response to TIEC 2-34; Garland Response to TIEC 2-3(c).

Q. WHAT ISSUES ARE THERE WITH SCT BECOMING A MARKET PARTICIPANT AT ERCOT?

A. SCT believes that it does not fit the definition of Transmission Service Provider ("TSP") in the ERCOT Protocols, which states that a TSP is:

> An Entity under the jurisdiction of the PUCT that owns or operates Transmission Facilities used for the transmission of electricity and provides Transmission Service in the ERCOT Transmission Grid.

SCT has stated that it is not an electric utility and is not currently under the jurisdiction of the PUCT, so it does not fall within the definition of a TSP. SCT has also stated that "utilities are subject to a broad range of requirements under PURA that might not fit with SCT's business model as a transmission owner located outside of Texas that operates under a negotiated rate order issued by FERC."[37] SCT has stated that it will abide by all applicable rules if it becomes a market participant in ERCOT.[38] Yet Mr. Parquet has also testified that "SCT would accept a condition that it is subject to ERCOT-adopted standards of conduct ***as long as they do not affect or modify*** the FERC standards [of conduct]."[39] This statement reflects an intent that SCT will only abide by ERCOT protocols unless it chooses to argue that FERC rules control. But ERCOT Market Participants do not get to pick and choose which protocols to follow. If SCT wishes to interconnect with ERCOT and become a market participant, it must abide by all ERCOT Protocols, not just the ones that fit its business model.

[37] SCT Response to TIEC 2-36.

[38] "...SCT fully expects to be legally bound by the ERCOT Protocols and ERCOT operator instructions. The appropriate binding mechanism is the ERCOT Market Participant Agreement." Direct Testimony of David Parquet at 11.

[39] Direct Testimony of David Parquet at 12 (emphasis added).

This is a significant potential problem that must be addressed. Until now, ERCOT requirements have governed within ERCOT, but SCT would be free to seek FERC orders that conflict with ERCOT's requirements and then argue that the FERC orders take precedence. The Commission should condition this CCN to avoid that eventuality by requiring SCT to agree to abide by all ERCOT requirements.

Q. HOW SHOULD SCT PARTICIPATE IN THE ERCOT MARKET?

A. If SCT chooses to become a market participant and accept the PUC's authority to ensure the reliability of the regional electric network,[40] I believe that they should be placed in the IOU segment for purposes of participating in the stakeholder process. The Commission should also direct ERCOT to make the necessary changes to its protocols to create a definition of "Independent DC Tie Operator." Finally, the Commission should condition the CCN such that if SCT challenges PUC jurisdiction or ERCOT protocols, then Garland shall be required to disconnect the DC tie from the Panola Substation and/or Oncor shall be required to disconnect the facilities from the Rusk substation.

VI. CONCLUSIONS

Q. WHAT DO YOU RECOMMEND THE COMMISSION DO WITH RESPECT TO THIS TRANSACTION?

A. The Commission should adopt the following conditions and findings:

1. As a general principle, export transactions must bear the full cost of supporting such exports, including both transmission and ancillary services costs.
2. No costs related to the Rusk and Panola Substations or the Rusk to Panola Line shall be allowed in TCOS under any circumstances.

[40] PURA 39.151.

3. Garland will be treated as an affiliate of SCT and the Pattern companies, and subject to code of conduct restrictions, for all purposes related to the facilities for which Garland is seeking a CCN.

4. Exercising the put or call options in the transmission line agreement will not lead to the transfer of a CCN to SCT or Rusk without Commission approval.

5. Garland and Oncor will disconnect the line at their respective substations if:

   a. FERC should ever try and establish jurisdiction over ERCOT due to the existence of the line; or

   b. If a synchronous connection is ever made to the line outside the State of Texas; or

   c. If SCT fails to follow an ERCOT protocol or Commission rule or order, and as a result, the Commission orders disconnection of the facilities.

6. SCT should be a member of the IOU group for ERCOT governance and should be registered as an independent DC tie provider for purposes of the market participant agreement.

7. All utilities should include their costs in the TCOS calculation for exports and direct Staff to ensure TSPs to make such updates in their next filings.

Q. DOES THIS CONCLUDE YOUR DIRECT TESTIMONY?

A. Yes.

CSG-1

STATEMENT OF QUALIFICATIONS

Exhibit CSG-1
Statement of Qualifications

CAREER SUMMARY

Energy executive who managed the regulatory planning and government affairs function for one of the nation's leading competitive electricity companies. Consulted closely with other senior executives to devise and implement commercial/regulatory/political strategies to manage risks and position the firm to be successful in competitive wholesale and retail electric markets. Recognized as leader in electric market design and as an expert witness on electric policy and market design matters. Skilled in:

- ◊ Corporate Strategy/Risk Management
- ◊ Electric Market Design
- ◊ Policy Advocacy
- ◊ Power Plant Economics
- ◊ Rate Setting and Design
- ◊ Retail and Wholesale Competition

PROFESSIONAL EXPERIENCE

Energy Consultant, Adjunct Professor – Rice University, Houston, Texas **2009 – Present**

Provide consulting services across the energy value chain, from generation to customer sales for both electricity and natural gas. Clients include independent power producers, large industrial consumers, and retail electric providers. Sample engagements include:

- Expert testimony on rate case issues
- Expert testimony on transmission planning
- Expert testimony on a utility merger
- Expert testimony on mitigation of generation market power
- Expert testimony on prudence of a decision to construct a coal-fired generating plant
- Expert testimony on distributed generation
- Expert testimony in civil litigation regarding commercial reasonability of retail electric contracts.
- Consulting services to large industrial companies regarding electric market design.
- Consulting services to a large retail electric provider regarding market opportunities and regulatory/government affairs.
- Consulting services to a developer of compressed air energy storage on regulatory and government affairs.
- Expert testimony regarding market design, the meaning of PURPA and the appropriate payment to Qualifying Facilities for power provided to the grid.
- Expert testimony in a contract dispute between a retail electric provider and a customer regarding pass-through charges.
- Consulting expert on a purchased power contract between an investor-owned utility and a municipally-owned utility.
- Consulting expert on a merger of regulated utilities.
- Expert testimony on retail rate design.
- Develop and implement advocacy plan to avoid power plant retirements from a proposed policy to ban once-through cooling in a coastal state; manage compliance filing for two power plants.
- Advise on the economics of energy storage technologies.
- Advise on the feasibility of opening additional retail gas markets to competition.
- Advise on how to structure a regulatory and government affairs organization.

Adjunct Professor of Management at Rice University's Jones Graduate School of Business, specializing in the economics of the electricity value chain, management of risk, and related public policy considerations.

RRI ENERGY (RELIANT ENERGY, INC.), Houston, Texas **1989 – 2009**

Sr. VP Regulatory Affairs and Market Design *2007 - 2009*

Reporting directly to the CEO, co-managed the company's national, regional, and state level government, regulatory, community affairs, and communications functions, with emphasis on electricity regulation, competitive market design, and associated legislation. Oversaw a staff of 70 people and a managed a budget of $30 million.

- Managed to an outcome wherein no laws or regulations harmful to the company were passed.
- Analyzed risk associated with the company's retail business (~ 1.8 million customers) and the wholesale business (~14,000 Mw installed capacity) and implemented regulatory risk mitigation strategies that aligned with corporate vision and goals.
- Coordinated policy between retail and wholesale business units to establish sound policy and design principles and to present a single voice to external stakeholders.
- Testified on electric policy, smart energy, and demand response in legislative, regulatory, and judicial arenas, drawing effectively on significant industry knowledge and experience.
- Achieved outstanding results on employee survey regarding departmental leadership and management capability (100% score on treating employees fairly, holding them accountable, making use of their skills, trusting them to make appropriate decisions, and improving own performance based on employee feedback).

Sr. VP Regulatory Affairs *2003 - 2007*

- Managed Reliant's national regulatory and market design efforts and legislative efforts in Texas.
  - Achieved Texas PUC ruling on excess mitigation credits that effectively averted requirement that Reliant Energy pay $375 million to CenterPoint Energy to lower stranded cost; and,
  - Successfully designed rules at Texas PUC regarding provider of last resort, price to beat, customer protections, and financial standards for retailers.
- Collaborated closely with legislative and executive branches in Texas, including Governor, Lt. Governor, Speaker, Chairs and members of Senate Business and Commerce and House Regulated Industries to achieve:
  - Successful transition to retail competition in Texas, creating a political/regulatory environment to allow Reliant's $500 million contribution margin retail business the opportunity to thrive with appropriate government oversight; and,
  - Settlement of the political/regulatory intervention in retail pricing following Hurricanes Katrina and Rita. The settlement led to a phase-in of price increases which set the stage for a successful 2007 legislative session and emergence into full competition
- Provided expert witness testimony in regulatory, government, and court proceedings.
- Intimately involved in settlement of Reliant Energy's issues regarding the 2000-2001 California Energy crisis. Led response to FERC's March 2003 report accusing Reliant Energy of "churning" in its purchases of natural gas for its California power plants.

VP Regulatory Strategy and Planning *1998 - 2003*

Directed Reliant's Texas regulatory and market design efforts. Responsible for financial forecasting, rates, and capital budgeting for Reliant Energy HL&P through 2001, including analysis of capital investment and mothball decisions, power purchase and sales agreements.

- Created and developed risk adjusted wholesale price forecasting tool that provided a distribution of future prices for use in investment analysis to value real options in the generation fleet and the retail contract portfolio.
- Led regulatory strategy to move Reliant Energy from being a regulated utility to becoming separate companies – a wires-only transmission and distribution utility and a company involved in competitive generation and retail activities.
- Heavily involved in passage and implementation of SB 7, the Texas law that moved ERCOT to a competitive market, including:
  - Competitive market design,
  - IPO of Reliant Resources, its option to buy Texas Genco, and use of that option price as the stranded cost valuation method for purposes of the statutory stranded cost true-up, and
  - Settlement of initial Price to Beat rate, and securitization of regulatory assets worth $760 million.

Various positions in Corporate/Regulatory Planning *1989 - 1998*

Led a variety of processes that involved evaluation and establishment of company's generation, resource planning, rate setting, and load forecasting, including power plants, energy efficiency, and demand response.

AUSTIN ENERGY, Austin, Texas **1988 - 1989**
Manager, Gas Purchasing and Fuel Planning

Held overall responsibility for purchasing natural gas for the utility's power plants, as well as planning construction of second gas pipeline to serve power plants.

PUBLIC UTILITY COMMISSION OF TEXAS, Austin, Texas **1986 - 1988**
Fuel Analyst

Investigated prudence of utility fuel and power procurement and integrated resource planning.

BECHTEL GROUP, INC., Houston, Texas **1981 - 1983**
Process Design Engineer

Worked on the Coolwater Coal Gasification Power Plant, the first IGCC ever built.

EDUCATION

JESSE H. JONES GRADUATE SCHOOL OF BUSINESS, RICE UNIVERSITY, Houston, Texas
Master of Business and Public Management, *1985*
Majors - Finance and Entrepreneurship
Honors - Outstanding Finance Student

RICE UNIVERSITY, Houston, Texas
BS, Chemical Engineering, *1981*

PROFESSIONAL CERTIFICATIONS

CHARTERED FINANCIAL ANALYST, No. 12245

PROFESSIONAL ENGINEER IN THE STATE OF TEXAS, NO. 73184

Exhibit CSG-1
Statement of Qualifications

Testimony before the Public Utility Commission *of* Texas

Docket	On behalf of	Description
6032	*PUCT Staff*	*Petition of Central Power & Light Company for fixing of refund with interest and amendment of monthly interim fuel factor. Performed fuel forecast.*
6611	*PUCT Staff*	*Petition of Southwestem Electric Power Company for recovery of unrecovered fuel expense with interest thereon and the setting of revised fixed fuel factors. Performed prudence investigation which resulted in fuel refunds; fuel forecast.*
6765	*PUCT Staff*	*Application by Houston Lighting & Power Company for authority to change rates. Prudence of fuel procurement and fuel forecast.*
6963	*PUCT Staff*	*Investigation regarding the reasonableness of Houston Lighting & Power Company's Spring Creek and Ken McGee Coal Contract Costs. Prudence of long-term coal contracts.*
6992	*PUCT Staff*	*Investigation regarding Texas-New Mexico Power Company for a Certificate of Convenience and Necessity for a proposed generating station (coal-fired) within Robertson County. Economic study of best and most economic option for utility resource acquisition.*
7195/6755	*PUCT*	*Application of Gulf States Utilities Company for authority to change rates.* *Inquiry of the Public Utility Commission of Texas into the prudence and efficiency of fhe planning and management of the construction of the River Bend Nuclear Generating Station. Prudence of fuel procurement and fuel forecast*
7460	*PUCT Staff*	*Application of El Paso Electric Company for authority to change rates. Prudence of fuel procurement and fuel forecast.*
7510	*PUCT Staff*	*Application of West Texas Utilities Company for authority to change rates. Prudence of fuel procurement and fuel forecast.*
7512	*PUCT Staff*	*Application of Lower Colorado River Authority for authority to change rates. Prudence of fuel procurement and fuel forecast.*
10473	*HL&P*	*Notice of Intent of Houston Lighting & Power Company for a Certificate of Convenience and Necessity for DuPont Project, Webster Units 1 & 2 Refurbishment Project, and Greens Bayou Units 3 & 4 Refurbishment Project. Economic study of resource procurement.*
10832	*HL&P*	*Houston Lighting & Power Company's Standard Avoided Cost Calculation for the Purchase of Firm Energy and Capacity from Qualifying Facilities Pursuant to Subst. R. 23.66(h)(3). History of resource planning and appropriateness of marginal cost.*
I1000	*HL&P*	*Application of Houston Lighting & Power Company for a Certificate of Convenience and Necessity for the DuPont Project. Economic study of resource procurement.*
11999	*HL&P*	*Application of Houston Lighting & Power Company for Approval of Tariff for Economic Improvement Service - Rate Schedule EIS.* Appropriateness of marginal cost.
12138	*HL&P*	*Notice of Intent of Houston Lighting & Power Company for a Certificate of Convenience and Necessity for Advanced Gas Turbine Projects. Economic study of resource procurement.*
12065	*HL&P*	*Complaint of Kenneth D. Williams Against Houston Lighting & Power Company,* Prudence of utility planning; industry restructuring.

Testimony before the Public Utility Commission *of* Texas

Docket	On behalf of	Description
12957	*HL&P*	*Application of Houston Lighting & Power Company for Approval of Experimental Tariff for Special Contract Pricing, Rate Schedule SCP. Appropriateness of marginal cost.*
I5000	*HL&P*	*An Investigation into Issues Related to the Electric Utility Industry and Regulatory Restructuring.* Industry restructuring.
15001	*HL&P*	*An Investigation into Potentially Stranded Investment in the Electric Utility Industry in Texas.* Industry restructuring.
15002	*HL&P*	*An Investigation into the Scope of Competifion in the Electric Utility Industry in Texas.* industry restructuring.
21665	*Reliant*	*Application* of *Reliant Energy, Incorporated for a Financing Order to Securitize Regulatory Assets and Other Qualified Costs.* Industry restructuring and securitization of regulatory assets.
21956	*Reliant*	*Application of Reliant Energy, Inc. for Approval of Business Separation Plan.* Industry restructuring.
22355	*Reliant*	*Application* of *Reliant Energy HL&P for Approval of Unbundled Cost Of Service Rate Pursuant to PURA $39.207 and Public Utility Commission Substantive Rules25.344.* Industry restructuring and recovery of stranded costs.
23950	*Reliant*	*Petition* of *Reliant Energy, Inc. to Establish Price to Beat Fuel Factor and Request for Good Cause Exception to Subst. R.25.47.* Industry restructuring and setting of default service rate.
24790	*Reliant*	*Petition to Appoint Provider of Last Resort Pursuant to PURA 39.7 06 for Residential and Small Non-Residential Customers in the Entergy, TXU East-DFW, and TXU West-DFW Service Areas and for Large Non-Residential Customers in the Reliant North, Reliant South, CPL Gulf Coast, CPL Valley, WTU, and SWEPCO Service Areas.* Industry restructuring and setting of POLR rate.
29526	*Reliant*	*Application Of CenterPoinf Energy Houston Electric For A True-Up Filing.* Rate design for stranded cost true-up
35620	*Reliant*	*Application of CenetrPoint Houston Electric LLC for Approval to Implement Advanced Meter Information Network Pursuant to PURA 39.107(i).* Benefits of smart meter deployment.
37361	*Occidental*	*Application of Southwestern Public Service Company for Authority to Revise Its Tariff for Purchase of Non-Firm Energy from Qualifying Facilities.* Appropriate price to pay for non-firm energy deliveries in SPP
38448	*Just Energy*	*Petition of Just Energy Texas, LP for the Commission to Resolve a Billing Dispute.* Nature of unaccounted for energy and how to calculate the amount of unaccounted for energy to bill a customer under a contract allowing pass-through of such charges
40443	*TIEC*	*Application Of Southwestern Electric Power Company For Authority To Change Rates And Reconcile Fuel Costs.* Prudence of decision to continue construction of Turk coal plant and impact of Turk Plant on Texas
40449	*Occidental*	*Complaint of Ascendant Renewable Energy Corp. Against Southwestern Public Service.* Appropriate interconnection procedure for a distribution level Qualifying Facility in SPP and interpretation of SPS tariffs and contracts
40545	*PUCT Staff*	*Petition of Calpine for Approval of Voluntary Mitigation Plan.* Evaluation of market power mitigation under proposed plan

41223 *Occidental*	*Application Of Entergy Texas, Inc. and ITC Holdings Corp. for Approval of Change of Ownership and Control of Transmission Business.* Determination of whether transaction is in the public interest
41437 *Occidental*	*Application of EntergyTexas, Inc. for Approval of LQR Tariff.* Appropriate price to pay for deliveries of non-firm energy from QFs
42511 *TIEC/Luminant*	*Complaint Of Calpine Corporation And NRG Energy, Inc., Against The Electric Reliability Council Of Texas And Appeal Of Decision Concerning The Houston Import Project.* Determination of whether ERCOT followed its procedures in approving the Houston Import Project
43695 *Occidental*	*Application Of Southwestern Public Service Company For Authority To Change Rates.* Issues regarding post test year adjustments, transmission charges, and cost allocation and rate design
44547 *TIEC/Luminant*	*Application of Centerpoint Energy Houston Electric, LLC to Amend a Certificate Of Convenience and Necessity for a Proposed 345-Kv Transmission Line Within Grimes, Harris, And Waller Counties.* Appropriate transmission planning procedures.
45188 *TIEC*	*Joint Report And Application Of Oncor Electric Delivery Company Llc, Ovation Acquisition I, L.L.C., Ovation Acquisition Ii, L.L.C., And Shary Holdings, L.L.C. For Regulatory Approvals Pursuant To Pura §§ 14.101, 37.154, 39.262(L)-(M), And 39.915.* Public interest findings with respect to the sale/transfer/merger of a utility with a REIT.

Testimony Filed with the Federal Energy Regulatory Commission

FERC Dockets	On behalf of	Description
ER98-927-000	*Reliant*	*Application of Reliant Energy Mandalay, L. L.C., to sell energy, capacity and ancillary services at market based rates.* Market Power study.
ER98-928400	*Reliant*	*Application of Reliant Energy Ellwood, L.L. C., to sell energy, capacity and ancillary services at market based rates.* Market Power study.
ER98-930-000	*Reliant*	*Application of Reliant Energy Etiwanda, L.L. C., to sell energy, capacity and ancillary services at market based rates.* Market Power study.
ER98-93 1400	*Reliant*	*Application* of *Reliant Energy Cool Water, L. L. C., to sell energy, capacity and ancillary services at market based rates.* Market Power study.
ER98-2878-000	*Reliant*	*Application of Reliant Energy Ormond Beach, L. L C.,* to *sell energy, capacity and ancillary services at market based rates* Market Power study.
ER99-3 143-000	*Reliant*	*Application of Reliant Energy Indian River, L. L. C., to sell energy, capacity and ancillary services at market based rates.* Market Power study.
EL13-61-000	*Occidental*	*Exelon Wind et al Complaint and Petition for Enforcement.* Determination of whether a Legally Enforceable Obligation was established between a QF and a utility

Testimony In Other States

Dockets	On behalf of	Description
MARYLAND PSC		
9063	*Reliant*	*In The matter of The Optimal Market Design For The Electric Industry In Maryland.* Wholesale and Retail Market design.

Pennsylvania PUC

P-00032071	*Reliant*	*Duquesnse Light Company Petition for Approval of Plan for Post Transition POLR Service.* Wholesale and Retail Market design and supply procurement.
P-00052188	*RESA*[1]	*Petition of Pennsylvania Power Co. for Approval of Interim PLR Supply Plan.* Wholesale and Retail Market design.

Kansas Corporation Commission

12-KG&E-17-CON Occidental	*Application Of Kansas Gas And Electric Company For Approval Of The Energy Supply Agreement Between Kansas Gas And Electric Company And Frontier El Dorado Refining Company LLC.* Economics of special contracts and customer bypass of utility service.

Mississippi Public Service Commission

2015-UN-80	*Notice Of Intent Of Mississippi Power Company For A Change In Rates Supported By A Conventional Rate Filing Or, In The Alternative, By A Rate Mitigation Plan In Connection With The Kemper County IGCC Project.* Amount of investment to count as prudent for the CCGT portion of an IGCC

CIVIL LITIGATION

CAUSE NO. C-356-10-A	*Lorali, Ltd, Danhana, Ltd, RGV Warehouse, Ltd, and Richann, Inc. v. Sempra Energy Soultion, LLC and Priority Power, LL, 92nd Judicial Court, Hidalgo County, Texas.* Commercial Reasonability of Retail Electric Contracts and Wholesale and Retail Market Design.
CAUSE NO. A-09-CA-917-SS	*JD Wind v. Public Utility Commission of Texas, United States District Court, Western District of Texas, Austin Division.* History of PURPA implementation and avoided cost.
CAUSE NO. D-1-GN-10-004130	*Exelon Wind v. Public Utility Commission of Texas, State District Court, Austin, Texas.* History of PURPA implementation and avoided cost.
CAUSE NO. D-1-GN-12-0021S6	*Lower Colorado River Authority v. Central Texas Electric Cooperative, Fayette Electric Cooperative and San Bernard Electric Cooperative.* Damages calculation for breach of purchased power contract.
CAUSE NO. 121-001-B	*Lower Colorado River Authority v.City Of Kerrville, Acting By And Through Kerrville Public Utility Board.* Damages calculation for breach of purchased power contract.

LEGISLATIVE TESTIMONY

Joint Meeting of Texas House Interim Committee of Natural Resources and House Regulated Industries, May 2009 – Advanced Metering

Texas House Regulated Industries, February 2007 - State of the Electric Industry

Texas Senate Business and Commerce, February 2007 – State of the Electric Industry

Texas House Regulated Industries, March 2005 - State of the Electric Industry

[1] Retail Electric Suppliers' Association

CSG-2

RELEVANT DISCOVERY RESPONSES

PUBLIC

SOAH DOCKET NO. 473-16-2751
PUC DOCKET NO. 45624

APPLICATION OF THE CITY OF GARLAND TO AMEND A CERTIFICATE OF CONVENIENCE AND NECESSITY FOR THE RUSK TO PANOLA DOUBLE-CIRCUIT 345-KV TRANSMISSION LINE IN RUSK AND PANOLA COUNTIES	§ § § § § § §	**BEFORE THE STATE OFFICE OF ADMINISTRATIVE HEARINGS**

CITY OF GARLAND'S RESPONSE TO TEXAS INDUSTRIAL ENERGY CONSUMERS' FIRST SET OF REQUESTS FOR INFORMATION TO THE CITY OF GARLAND QUESTION NOS. TIEC 1-1 THROUGH TIEC 1-12

Question No. TIEC 1-1

Please identify all facilities associated with this project (the "Garland Line") and identify the portion of those facilities' costs, if any, that will be placed into transmission cost of service (TCOS). Specifically:

a. Will the new Rusk Switching Station in Rusk County and/or its associated costs be placed into TCOS?

b. Will the new Panola Switching Station in Panola County and/or its associated costs be placed into TCOS?

c. Will any operation and maintenance expenses for the Garland Line be placed into TCOS? If so, what portion?

d. Will future improvements to lower congestion costs or prevent reliability issues on the Garland Line be placed into TCOS?

e. Will any other facilities not specifically listed above be included in TCOS?

Response No. TIEC 1-1

Garland interprets the phrase "facilities associated with this project (the 'Garland Line')" used in this RFI to include the double-circuit 345-kV transmission line itself and the switching stations at each end, i.e., the Rusk Switching Station and related facilities and the Panola Switching Station.

a. The Rusk Switching Station and related facilities will be owned and operated by Oncor Electric Delivery Company. See also the response of Southern Cross Transmission, LLC to Staff RFI 1-13.

b. As discussed in Mr. Cline's direct testimony, Garland has committed that it will not seek to recover the costs of developing, constructing, interconnecting, or financing the Panola Switching Station through TCOS. Garland also will not include in TCOS the costs of operating and maintaining the Panola Switching Station that are reimbursed by Rusk Interconnection, LLC pursuant to the Facilities Agreement attached to the Transmission Line Agreement provided as Exhibit DWC-2 to Mr. Cline's direct testimony.

c. Garland will not include in TCOS the costs of operating and maintaining the Garland Line that are reimbursed by Rusk Interconnection, LLC pursuant to the Facilities Agreement attached to the Transmission Line Agreement provided as Exhibit DWC-2 to Mr. Cline's direct testimony.

d. To the extent that future improvements are required by Commission rule or determined by ERCOT to be necessary to lower congestion costs or prevent reliability issues on the Garland Line, the cost of such improvements incurred by Garland will be included in TCOS. Costs of upgrades requested by Rusk Interconnection, LLC will be paid for by Rusk.

e. As discussed at the outset of this response, Garland has not identified any other facilities besides those specifically listed above.

Prepared by: Darrell W. Cline Title: Chief Financial Officer, Garland Power & Light
Sponsored by: Darrell W. Cline Title: Chief Financial Officer, Garland Power & Light

SOAH DOCKET NO. 473-16-2751
PUC DOCKET NO. 45624

APPLICATION OF THE CITY OF GARLAND TO AMEND A CERTIFICATE OF CONVENIENCE AND NECESSITY FOR THE RUSK TO PANOLA DOUBLE-CIRCUIT 345-KV TRANSMISSION LINE IN RUSK AND PANOLA COUNTIES	§ § § § § § §	**BEFORE THE** **STATE OFFICE OF** **ADMINISTRATIVE HEARINGS**

CITY OF GARLAND'S RESPONSE TO TEXAS INDUSTRIAL ENERGY CONSUMERS' FIRST SET OF REQUESTS FOR INFORMATION TO THE CITY OF GARLAND QUESTION NOS. TIEC 1-1 THROUGH TIEC 1-12

Question No. TIEC 1-6

Refer to page 11, lines 10-18 of Mr. Cline's testimony. Are there any operation and maintenance (O&M) expenses, payments in lieu of taxes, or other expenditures associated with the Garland Line that will ***not*** be reimbursed by Rusk? If so, please identify and describe those costs.

Response No. TIEC 1-6

The Facilities Agreement attached to the Transmission Line Agreement provided as Exhibit DWC-2 to Mr. Cline's direct testimony is designed for Rusk to reimburse Garland for the reasonable costs of operating and maintaining the Garland double-circuit 345-kV transmission line, including payments in lieu of taxes. The specific terms governing reimbursement from Rusk are set out in the Facilities Agreement, including Section 2.8 (payments in lieu of taxes) and 3.2 (operations and maintenance expenses).

See also Garland's response to TIEC 1-1.

Prepared by: Darrell W. Cline Title: Chief Financial Officer, Garland Power & Light
Sponsored by: Darrell W. Cline Title: Chief Financial Officer, Garland Power & Light

SOAH DOCKET NO. 473-16-2751
PUC DOCKET NO. 45624

APPLICATION OF THE CITY OF GARLAND TO AMEND A CERTIFICATE OF CONVENIENCE AND NECESSITY FOR THE RUSK TO PANOLA DOUBLE-CIRCUIT 345-KV TRANSMISSION LINE IN RUSK AND PANOLA COUNTIES	§	BEFORE THE STATE OFFICE OF ADMINISTRATIVE HEARINGS

CITY OF GARLAND'S RESPONSE TO TEXAS INDUSTRIAL ENERGY CONSUMERS' SECOND SET OF REQUESTS FOR INFORMATION TO THE CITY OF GARLAND QUESTION NOS. TIEC 2-1 THROUGH TIEC 2-6

Question No. TIEC 2-1

If Rusk Interconnection, LLC ("Rusk") cannot or will not pay to operate and maintain the line for any reason, will Garland commit not to seek recovery of those costs in TCOS?

Response No. TIEC 2-1

If Rusk cannot or will not pay to operate and maintain the line, it is unlikely that the line will be in operation unless it is serving a transmission customer other than Southern Cross. As a result, Garland will not commit not to seek recovery of operation and maintenance costs in TCOS in the event Rusk cannot or will not pay such costs. All costs that are proposed to be included in TCOS are subject to review by the Commission.

Prepared by: Darrell W. Cline Title: Chief Financial Officer, Garland Power & Light
Sponsored by: Darrell W. Cline Title: Chief Financial Officer, Garland Power & Light

SOAH DOCKET NO. 473-16-2751
PUC DOCKET NO. 45624

APPLICATION OF THE CITY OF GARLAND TO AMEND A CERTIFICATE OF CONVENIENCE AND NECESSITY FOR THE RUSK TO PANOLA DOUBLE-CIRCUIT 345-KV TRANSMISSION LINE IN RUSK AND PANOLA COUNTIES	§	BEFORE THE STATE OFFICE OF ADMINISTRATIVE HEARINGS

CITY OF GARLAND'S RESPONSE TO TEXAS INDUSTRIAL ENERGY CONSUMERS' SECOND SET OF REQUESTS FOR INFORMATION TO THE CITY OF GARLAND QUESTION NOS. TIEC 2-1 THROUGH TIEC 2-6

Question No. TIEC 2-2

Will Garland commit not to seek to recover the cost of decommissioning the facilities in TCOS under any circumstances?

Response No. TIEC 2-2

The Transmission Line Agreement provided as Exhibit DWC-2 to the direct testimony of Darrell W. Cline provides for the funding of a decommissioning escrow account by Rusk Interconnection, LLC, to cover the costs of decommissioning the facilities. The decommissioning fund will be funded at the time the facilities are transferred to Garland. Garland will not commit not to seek to recover the cost of decommissioning the facilities in TCOS under any circumstances, but does not anticipate incurring costs to decommission the facilities that are not covered by the decommissioning fund. All costs that are proposed to be included in TCOS are subject to review by the Commission.

Prepared by: Darrell W. Cline Title: Chief Financial Officer, Garland Power & Light
Sponsored by: Darrell W. Cline Title: Chief Financial Officer, Garland Power & Light

SOAH DOCKET NO. 473-16-2751
PUC DOCKET NO. 45624

APPLICATION OF THE CITY OF GARLAND TO AMEND A CERTIFICATE OF CONVENIENCE AND NECESSITY FOR THE RUSK TO PANOLA DOUBLE-CIRCUIT 345-KV TRANSMISSION LINE IN RUSK AND PANOLA COUNTIES	§	BEFORE THE STATE OFFICE OF ADMINISTRATIVE HEARINGS

CITY OF GARLAND'S RESPONSE TO TEXAS INDUSTRIAL ENERGY CONSUMERS' SECOND SET OF REQUESTS FOR INFORMATION TO THE CITY OF GARLAND QUESTION NOS. TIEC 2-1 THROUGH TIEC 2-6

Question No. TIEC 2-3

Please refer to Article 3 of the Asset Purchase agreement between Garland and Rusk (attachment 2 to Garland's response to Staff 1-9).

a. Please explain the reasons why Garland requested the right to "put" the project back to Rusk (the Put Right).

b. Please identify the specific circumstances in which Garland would expect to exercise this Put Right.

c. Does Garland believe that exercising the Put Right would provide Rusk with a CCN under PURA's transfer provision (PURA § 37.154)? Does Garland believe that exercising the Put Right would require PUC approval? Please explain your answer.

d. Does Garland's [sic] believe that exercising the Put Right would make Rusk an electric utility in Texas?

e. Would Garland's commitments not to place the cost of the line into TCOS be imputed to Rusk in Garland were to exercise the Put Right? Please explain why or why not.

Response No. TIEC 2-3

The Asset Purchase Agreement referred to in this request has been superseded by the Transmission Line Agreement provided as Exhibit DWC-2 to the direct testimony of Darrell W. Cline, and is no longer in effect. Garland will respond to this request with respect to Article 3 of the Transmission Line Agreement.

a. Garland did not request the right to "put" the project back to Rusk.

b. Garland has not considered specific circumstances in which it would expect to exercise the Put Right.

c. Garland does not believe that exercising the Put Right would provide Rusk with a CCN under PURA's transfer provision (PURA § 37.154). Only the Commission could provide Rusk with a CCN. Garland does believe that exercise of the Put Right would require PUC approval. See Section 9.4 of the Transmission Line Agreement.

d. Please see the response to subsection c, above.

e. Garland understands that Southern Cross has committed not to seek to recover from ratepayers any costs of any facilities to be owned by Garland and SCT identified in the interconnection agreements, and that Southern Cross's commitment extends to Rusk. See Southern Cross's response to TIEC 1-4.

Prepared by: Darrell W. Cline Title: Chief Financial Officer, Garland Power & Light
Sponsored by: Darrell W. Cline Title: Chief Financial Officer, Garland Power & Light

6

SOAH DOCKET NO. 473-16-2751
PUC DOCKET NO. 45624

APPLICATION OF THE CITY OF GARLAND TO AMEND A CERTIFICATE OF CONVENIENCE AND NECESSITY FOR THE RUSK TO PANOLA DOUBLE-CIRCUIT 345-KV TRANSMISSION LINE IN RUSK AND PANOLA COUNTIES	§	BEFORE THE STATE OFFICE OF ADMINISTRATIVE HEARINGS

CITY OF GARLAND'S RESPONSE TO TEXAS INDUSTRIAL ENERGY CONSUMERS' SECOND SET OF REQUESTS FOR INFORMATION TO THE CITY OF GARLAND QUESTION NOS. TIEC 2-1 THROUGH TIEC 2-6

Question No. TIEC 2-5

Please refer to Article 9.6.3(ii) of the Asset Purchase agreement.

a. Please confirm that subpart (b) would allow Garland to seek TCOS recovery of the costs of owning and operating the line notwithstanding its stated commitment not to seek such costs.

b. Please explain under what circumstances subpart (c) becomes operative. Does Garland agree that, as written, this subpart contradicts its commitment not to seek recovery of any costs of owning, operating, maintaining, or decommissioning the Facilities?

Response No. TIEC 2-5

The Asset Purchase Agreement referred to in this request has been superseded by the Transmission Line Agreement provided as Exhibit DWC-2 to the direct testimony of Darrell W. Cline, and is no longer in effect. Garland will respond to this request with respect to Section 9.6.3(ii) of the Transmission Line Agreement, which is unchanged from the Asset Purchase Agreement.

a. This request misstates Garland's commitment with respect to recovery of the costs of owning and operating the line, which is explained in Mr. Cline's direct testimony and in Garland's response to TIEC 1-1. Section 9.6.3(ii)(b) allows Garland to seek TCOS recovery of costs relating to the Facilities (as defined in the Agreement) in the two specific circumstances identified in that provision. All costs that are proposed to be included in TCOS are subject to review by the Commission.

b. This request misstates Garland's commitment with respect to recovery of the costs of owning and operating the line, which is explained in Mr. Cline's direct testimony and in Garland's response to TIEC 1-1. Garland interprets Section 9.6.3(ii)(c) to become operative to the extent that costs of owning, operating, maintaining or decommissioning the Facilities (as defined in the Agreement) are not paid or reimbursed by Rusk.

Prepared by: Darrell W. Cline Title: Chief Financial Officer, Garland Power & Light
Sponsored by: Darrell W. Cline Title: Chief Financial Officer, Garland Power & Light

SOAH DOCKET NO. 473-16-2751
PUC DOCKET NO. 45624

APPLICATION OF THE CITY OF GARLAND TO AMEND A CERTIFICATE OF CONVENIENCE AND NECESSITY FOR THE RUSK TO PANOLA DOUBLE-CIRCUIT 345-KV TRANSMISSION LINE IN RUSK AND PANOLA COUNTIES	§	BEFORE THE STATE OFFICE OF ADMINISTRATIVE HEARINGS

SOUTHERN CROSS TRANSMISSION LLC RESPONSE TO TEXAS INDUSTRIAL ENERGY CONSUMERS' FIRST SET OF REQUESTS FOR INFORMATION TO SOUTHERN CROSS TRANSMISSION LLC QUESTION NOS. TIEC 1-1 THROUGH TIEC 1-36

Question No. TIEC 1-7

Does SCT have any plans to interconnect the line for which a CCN is being sought in this proceeding (the "Garland Line") to any facilities other than the Panola Switching Station, the Rusk Switching Station, or the DC Tie? If so, please describe those plans and provide any related documents.

Response No. TIEC 1-7

No. SCT has no plans to interconnect its facilities other than at the Panola Switching Station.

Prepared by: David Parquet Title: Senior Vice President – Special Projects
Sponsored by: David Parquet Title: Senior Vice President – Special Projects

SOAH DOCKET NO. 473-16-2751
PUC DOCKET NO. 45624

APPLICATION OF THE CITY OF GARLAND TO AMEND A CERTIFICATE OF CONVENIENCE AND NECESSITY FOR THE RUSK TO PANOLA DOUBLE-CIRCUIT 345-KV TRANSMISSION LINE IN RUSK AND PANOLA COUNTIES	§	BEFORE THE STATE OFFICE OF ADMINISTRATIVE HEARINGS

SOUTHERN CROSS TRANSMISSION LLC RESPONSE TO TEXAS INDUSTRIAL ENERGY CONSUMERS' FIRST SET OF REQUESTS FOR INFORMATION TO SOUTHERN CROSS TRANSMISSION LLC QUESTION NOS. TIEC 1-1 THROUGH TIEC 1-36

Question No. TIEC 1-8

Refer to page 10 of Mr. Parquet's testimony.

a. In SCT's view, why is it necessary or desirable for SCT to be an ERCOT market participant?

b. Please explain why SCT believes that it needs to be an ERCOT market participant in addition to executing a coordinating agreement with ERCOT.

c. Please identify the reasons why SCT believes it is similar or dissimilar to the Southwestern Power Pool (SPP) or the Comision Federal de Electricidad (CFE) in terms of transacting with ERCOT. Are SPP and/or the CFE ERCOT market participants in addition to having coordination agreements?

d. Please provide a citation for the claim on page 10, lines 16-17.

e. Please identify the ways that SCT believes different than other owners of high voltage direct-current converter stations connected to the ERCOT grid.

Response No. TIEC 1-8

a. It is necessary for SCT to be an ERCOT Market Participant because both the ERCOT Bylaws and ERCOT Protocols state that any entity performing an activity which is the subject of the Protocols is considered a Market Participant. As the operator of a DC Tie interconnected to the ERCOT transmission system, SCT will necessarily perform activities which are the subject of the ERCOT Protocols. The Protocols further require each Market Participant to register and execute the Standard Form Market Participant Agreement.

b. Executing the Standard Form Market Participant Agreement is appropriate for the reasons described above in SCT's response to TIEC 1-8a. SCT does not assume it will also execute a coordinating agreement with ERCOT for the reasons described below in SCT's response TIEC 1-8c.