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PUBLIC UTILITY COMMISSION  
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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

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PUBLIC UTILITY COMMISSION  
OF TEXAS

**CENTERPOINT ENERGY HOUSTON ELECTRIC LLC'S STATEMENT OF  
POSITION**

CenterPoint Energy Houston Electric, LLC ("CenterPoint Houston") does not oppose issuance of a certificate of convenience and necessity ("CCN") to the City of Garland ("Garland") in this docket but files this Statement of Position to comment on certain issues raised in the Preliminary Order.

2(b) Should the Commission require Southern Cross and Garland to give effect to the representations made in Federal Energy Regulatory Commission ("FERC") in Docket No. TX11-01-0011 ("Southern Cross")?

Yes. CenterPoint Houston submits that it is imperative that Southern Cross and Garland fully comply with all representations made to the FERC, just as they must honor all commitments made to the Commission in this docket. CenterPoint Houston asks that the Commission include in its Order a finding that representations made to FERC by an Applicant seeking interconnection to ERCOT shall be given effect in a subsequent Commission proceeding to grant the necessary CCN.

3(a) Should Southern Cross be required to execute the Market Participant Agreement with ERCOT? If so, then what type of market participant would be appropriate as applied to Southern Cross?

Yes. Southern Cross should be required to execute the Market Participant Agreement with ERCOT so that it will be bound by the ERCOT Protocols, just like all other entities whose activities affect the ERCOT market. Southern Cross does not dispute this and has in fact volunteered to sign the Agreement. With respect to the second question and Southern Cross' proposal to create a new market participant category, the "Independent DC-Tie Operator," CenterPoint Houston does not oppose this proposal, with two provisos. First, the decision to either create a new market participant category or amend an existing category to accommodate Southern Cross should be based on the option that will do the least to compromise the clarity of the existing Protocols. Further, ERCOT is in the best position to make this determination. To the extent ERCOT supports creating a new market category, CenterPoint Houston will not oppose. Second, if ERCOT does create a new market participant category, it must be clear that it is not also creating a new membership category for purposes of voting and governance.

#### 4. ERCOT Issues

The Commission included in its Preliminary Order the following nine "ERCOT Issues," which appear to directly reflect ERCOT's proposed List of Issues:

- a. At what point of development should ERCOT include a proposed merchant DC tie project in the planning models?
- b. How should the uncertainty of whether DC ties will be exporting or importing be addressed in transmission planning?
- c. Should ERCOT ratepayers be financially responsible for transmission upgrades that are necessary to facilitate exports over DC ties, given that those improvements are made only to serve load in non-ERCOT areas?

d. Should DC ties be subject to economic dispatch? If not, how should ERCOT manage congestion created by DC tie imports/exports?

e. Should ERCOT rules impose ramp restrictions on imports/exports over the DC ties, given system ramp limitations?

f. How should ERCOT address the greater complexity of coordinating outages and the additional cost of addressing that complexity, given the unpredictable nature of DC tie flows?

g. How will ERCOT coordinate with other independent system operators (ISOs)/regional transmission operators (RTOs) and/or NERC balancing authorities (BAs) on imports or curtailments of exports during emergencies? In the event ERCOT is unable to reach agreeable terms with the other affected ISOs/RTOs and/or BAs, what measures may/should ERCOT take to ensure reliability?

h. Should either the DC tie owner/operator or the qualified scheduling entity scheduling over the tie be required to supply reactive power or primary frequency response to the ERCOT system, consistent with ERCOT's treatment of generators?


i. If the interconnection of a new DC tie or other asset to the ERCOT system increases the most severe single contingency, should the costs of any resulting increase in ancillary services procured be borne by the owner of that asset?

CenterPoint Houston agrees with ERCOT and the Commission that these issues will need to be addressed before the Garland Project and the Southern Cross Project are energized, CenterPoint Houston submits that this litigated docket is not the best forum for resolution of these issues. CenterPoint Houston notes that ERCOT in its List of Issues did not recommend that these issues be resolved in this proceeding. Rather, ERCOT posed its question as “should the Commission address any or all of the following issues in this proceeding.” CenterPoint Houston submits the answer is no.

The nine ERCOT Issues do not lend themselves particularly well to this litigated proceeding. This docket is required by statute to be completed in 180 days. At this time, there is very little information on which a decision on these issues could be based, and there is not much

time left to develop new information. For instance, sub-issue (g) asks how ERCOT will coordinate with other independent system operators (ISOs)/regional transmission operators (RTOs) and/or NERC balancing authorities (BAs) on imports or curtailments of exports during emergencies. Resolution of this issue will likely be informed by discussion with these other entities regarding how they currently handle imports or curtailments of exports during emergencies. This proceeding is not really structured to provide this type of information. Further, this docket does not include all of the ERCOT market participants who could be impacted by the answers to these questions. CenterPoint Houston submits that the Commission should let the normal ERCOT process resolve the technical questions. This will allow more time for information gathering and broader participation among all ERCOT market participants. CenterPoint Houston believes the two policy questions related to cost recovery should be resolved through the rulemaking process.

To the extent other parties put on evidence regarding these issues and seek to resolve them as part of this docket, CenterPoint Houston reserves the right to comment on such evidence at a later time.

  
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**COUNSEL FOR CENTERPOINT  
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**CERTIFICATE OF SERVICE**

I hereby certify that on this 27<sup>th</sup> day of April, 2016, a true and correct copy of the above and foregoing was served on all parties of record in accordance with SOAH Order No. 3 Suspending Traditional Service.

  
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Michael Burleson