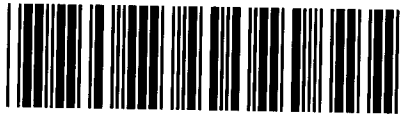


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SOAH DOCKET NO. 473-16-2751  
PUC DOCKET NO. 45624

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PUBLIC UTILITY COMMISSION  
TALLAHASSEE, FL

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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BEFORE THE STATE OFFICE

OF

ADMINISTRATIVE HEARINGS

Direct Testimony of

Amanda J. Frazier

on Behalf of  
Luminant Energy Company LLC  
and Luminant Generation Company LLC

April 27, 2016

**INDEX TO THE DIRECT TESTIMONY**

**OF AMANDA J. FRAZIER**

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	Exhibit AJF-1      Resume of Amanda J. Frazier	

1 **DIRECT TESTIMONY OF AMANDA J. FRAZIER**

2 **I. BACKGROUND**

3 Q. **PLEASE STATE YOUR NAME, BUSINESS ADDRESS, AND CURRENT**  
4 **EMPLOYMENT POSITION.**

5 A. My name is Amanda J. Frazier. My business address is 1005 Congress  
6 Avenue, Suite 750, Austin, Texas 78701. I am the Senior Director of  
7 Regulatory Policy for Energy Future Holdings (EFH).

8 Q. **WHAT ARE YOUR PROFESSIONAL QUALIFICATIONS?**

9 A. I have 15 years of experience with regulatory policy and legal issues in  
10 Texas, with a specific focus on matters before the Electric Reliability  
11 Council of Texas (ERCOT) and the Public Utility Commission of Texas  
12 (Commission or PUC). For the past four years, I have directed a team of  
13 regulatory policy professionals, in partnership with EFH's commercial  
14 teams, to advocate on wholesale market policy issues and promote  
15 enhancements to the ERCOT Protocols. Since joining EFH in 2010, I  
16 have, at various times, participated as a voting member on the ERCOT  
17 Technical Advisory Committee (TAC), Protocol Revisions Subcommittee  
18 (PRS), Wholesale Market Subcommittee (WMS), and served on a number  
19 of other ERCOT subcommittees and task forces. Currently, I serve as a  
20 representative of the Investor Owned Utility (IOU) segment at TAC and as  
21 Chair of PRS. My resume is attached as Exhibit AJF-1.

22 Q. **HAVE YOU PREVIOUSLY TESTIFIED BEFORE THE COMMISSION?**

23 A. I have not previously filed testimony in a docketed proceeding at the  
24 Commission, although I have appeared before the Commission in  
25 technical workshops.

1 **II. PURPOSE OF DIRECT TESTIMONY**

2 Q. **WHAT IS THE PURPOSE OF YOUR DIRECT TESTIMONY IN THIS**  
3 **PROCEEDING?**

4 A. The purpose of my direct testimony is to address Preliminary Order Issues  
5 regarding the interconnection of the merchant DC Tie project to be owned  
6 by Southern Cross Transmission LLC (SCT Project). Specifically, my  
7 testimony addresses the coordination, transmission planning, and  
8 integration issues posed by the interconnection of the SCT Project with  
9 the ERCOT transmission grid. This direct testimony and the attached  
10 exhibit were prepared under my direction and control and are true and  
11 correct.

12 **III. DISCUSSION OF PRELIMINARY ORDER ISSUES**

13 Q. **DO YOU AGREE WITH MR. MARK BRUCE, WHO TESTIFIES ON**  
14 **BEHALF OF SCT, THAT QUESTIONS REGARDING HOW THE SCT**  
15 **PROJECT SHOULD BE ADDRESSED IN THE ERCOT TRANSMISSION**  
16 **PLANNING PROCESS AND OPERATIONAL ISSUES RELATING TO**  
17 **LARGE, NEW DC TIES LIKE THE SCT PROJECT ARE BEST SUITED**  
18 **FOR RESOLUTION IN THE ERCOT STAKEHOLDER PROCESS,**  
19 **RATHER THAN IN THIS DOCKET?**

20 A. No, I believe that some of these questions should be addressed in this  
21 docket because they relate directly to the "reasonable conditions" that the  
22 Commission is statutorily required to consider and impose in considering  
23 this application in order to protect the public interest. In addition to my  
24 testimony, Dr. Shams Siddiqi's Direct Testimony addresses important  
25 issues that should be decided by the Commission as an initial matter in  
26 order to protect the public interest. The questions in the Preliminary Order  
27 relate directly to the issues the Legislature identified in amending the

1 Public Utility Regulatory Act (PURA) to address the interconnection of  
2 merchant DC Tie projects, including the SCT Project specifically.

3 As the Legislature recognized, the interconnection of new large DC  
4 Ties between the "ERCOT system and neighboring regional transmission  
5 organizations could have a significant impact on price formation, resource  
6 dispatch practices, reliability, the quantity and cost of ancillary services,  
7 and resource adequacy."<sup>1</sup> Accordingly, the Legislature directed that the  
8 Commission formally assess the impacts of new large DC Ties on  
9 consumers and producers in the context of an application to approve a  
10 Certificate of Convenience and Necessity (CCN) in order to protect the  
11 public interest.

12 Q. **SHOULD SCT BE REQUIRED TO EXECUTE THE MARKET**  
13 **PARTICIPANT AGREEMENT WITH ERCOT?**

14 A. Yes, SCT should be required to execute the Market Participant Agreement  
15 with ERCOT, as SCT acknowledges in the Direct Testimonies of Mr.  
16 David Parquet and Mr. Bruce filed this proceeding.

17 Q. **IF SO, WHAT TYPE OF MARKET PARTICIPANT WOULD BE**  
18 **APPROPRIATE AS APPLIED TO SCT?**

19 A. SCT does not qualify as any of the existing eight market participant types.  
20 Therefore, it is appropriate for the ERCOT Protocols to recognize a new  
21 market participant type, and for the Commission to direct that SCT be  
22 designated and registered with ERCOT, following the necessary revisions  
23 being made to the ERCOT Protocols.

24 In addition, the ERCOT bylaws will need to be amended to identify  
25 which existing market segment merchant DC Tie owners should join. The  
26 market segments are defined in PURA § 39.151 as independent

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<sup>1</sup> Senate Research Center, Bill Analysis, S.B. 933, 84th Leg., R.S. (Jul. 1, 2015).

1 generators, investor-owned utilities, power marketers, retail electric  
2 providers, municipally owned utilities, and electric cooperatives. The  
3 merchant DC Tie owner provides a facility—the DC Tie—that allows  
4 power to be either exported out of ERCOT or imported into ERCOT, but is  
5 neither a traditional generation facility nor a traditional transmission facility.  
6 Accordingly, because the DC Tie owner is, like a power marketer, an  
7 intermediary between the buyer and seller of power but is not producing  
8 power, it may be appropriate for the DC Tie owner to join the Independent  
9 Power Marketer segment. Nonetheless, Luminant is open to other  
10 suggestions regarding which market segment a merchant DC Tie owner  
11 should join.

12 Q. **SHOULD ERCOT RATEPAYERS BE FINANCIALLY RESPONSIBLE**  
13 **FOR ALL TRANSMISSION UPGRADES THAT ARE NECESSARY TO**  
14 **FACILITATE POWER FLOWS OVER DC TIES?**

15 A. The Commission needs to provide further guidance regarding how to  
16 appropriately apply the reliability and economic planning criteria in this  
17 context before that question can be answered.

18 Q. **PLEASE EXPLAIN.**

19 A. For imports into ERCOT across a DC Tie, the existing planning criteria,  
20 which evaluate transmission upgrades that are driven by reliability needs  
21 (i.e., reliability-driven projects), and transmission upgrades that are not  
22 needed for reliability, but will allow the reliability criteria to be met at a total  
23 lower cost, i.e., economic-driven projects, should effectively identify  
24 necessary transmission upgrades. Given ERCOT's energy-only market  
25 that relies on high scarcity prices relative to neighboring markets, it is  
26 reasonable to assume that DC Ties will have strong incentives to import  
27 into ERCOT over peak hours. Thus, ERCOT's planning cases should  
28 evaluate the need for transmission projects assuming full import. The

1 Commission should clarify that ERCOT must study transmission planning  
2 for imports over the DC Tie to allow for full deliverability of both the DC Tie  
3 and existing generation. With that single clarification, transmission  
4 upgrades by transmission service providers (TSPs) that are needed to  
5 accommodate power flows over the DC Tie into ERCOT should be  
6 identified through the transmission planning process based on a reliability  
7 analysis or based on an economic evaluation, and their costs should be  
8 included in the Transmission Cost of Service rates paid by ERCOT  
9 ratepayers.

10 For exports across the DC Tie, however, I am concerned that very  
11 few, if any, transmission upgrades will be identified by ERCOT for the  
12 integration of the DC Tie under the current test even though the DC Tie  
13 may be causing or contributing to additional transmission congestion.  
14 This is the case for at least two reasons. First, the current planning  
15 criteria evaluate the need for transmission upgrades during peak load  
16 conditions, and exports out of ERCOT would not be expected to occur  
17 during peak load periods. As a result, the modeling performed in the  
18 current transmission planning process would not identify congestion  
19 caused by exports over the proposed DC Tie.

20 Second, even if exports were specifically studied, for economic-  
21 driven projects, the net economic benefit of a proposed project is  
22 assessed based on the net societal benefit that is reasonably expected to  
23 accrue from the project, and a project is recommended if it is reasonably  
24 expected to result in positive net societal benefits. Societal benefits are  
25 measured as a comparison between the capital costs of the project and  
26 the reduction of system production costs created by the project.<sup>2</sup> However,  
27 exports would nearly always drive production costs higher in ERCOT;  
28 therefore, production costs savings would not be shown. This is especially



1 true if the DC Tie is not modeled as a firm load. Consequently, the  
2 economic test for justifying a transmission project would understate the  
3 need for transmission upgrades. ERCOT has also acknowledged that the  
4 current economic test may not be sufficient for identifying transmission  
5 upgrades without the ability to consider production cost savings in areas  
6 outside of ERCOT.<sup>3</sup> Other complications, including developing the ability  
7 to model both the ERCOT system and adjacent power systems in a single  
8 model, and developing cost curves and demand curves for DC Tie  
9 exports, as well as appropriately determining what export scenarios are  
10 appropriate to study, also must be addressed.

11 Accordingly, new methods to identify transmission upgrades  
12 needed to support DC Ties should be developed. As a policy matter, the  
13 Commission should direct ERCOT to develop a method to specifically  
14 identify congestion that is caused by exports across the DC Tie, and  
15 require the DC Tie owner either to fund the transmission system upgrades  
16 that are needed to avoid the congestion, or otherwise devise a method for  
17 the DC Tie owner or users to pay for those additional costs. The details of  
18 this proposed new transmission planning process related to exports over a  
19 DC Tie would need to be developed in future proceedings at ERCOT and,  
20 if necessary, the Commission. However, it is important for the  
21 Commission to make the policy determination in this proceeding that new  
22 planning methods related to exports of power out of ERCOT need to be  
23 developed and that costs attributable to those exports will be identified  
24 and charged to DC Tie owner or users. Although this proposal would  
25 deviate from the postage stamp methodology that is generally used for the  
26 recovery of costs related to wholesale transmission service, it is not  
27 inconsistent with PURA. Specifically, PURA § 35.004(c) states that “when

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<sup>2</sup> ERCOT Nodal Protocols § 3.11.2.

<sup>3</sup> ERCOT Comments on Proposed Rule, PUC Project No. 45124 (March 28, 2016)

1 an electric utility, electric cooperative, or transmission and distribution  
2 utility provides wholesale transmission service within ERCOT at the  
3 request of a third party, the commission shall ensure that the utility  
4 recovers the utility's reasonable costs in providing wholesale transmission  
5 services necessary for the transaction from the entity for which the  
6 transmission is provided so that the utility's other customers do not bear  
7 the costs of the service."

8 Q. SHOULD EITHER THE DC TIE OWNER/OPERATOR OR THE  
9 QUALIFIED SCHEDULING ENTITY (QSE) SCHEDULING OVER THE  
10 TIE BE REQUIRED TO SUPPLY REACTIVE POWER OR PRIMARY  
11 FREQUENCY RESPONSE TO THE ERCOT SYSTEM, CONSISTENT  
12 WITH ERCOT'S TREATMENT OF GENERATORS?

13 A. Yes, the DC Tie owner/operator should be required to supply reactive  
14 power or primary frequency response to the ERCOT system. When DC  
15 Ties are importing, the transaction looks like a Generation Resource in  
16 ERCOT's system. Likewise, the import can impact grid conditions, and  
17 should be able to dynamically respond to grid conditions like a Generation  
18 Resource. Accordingly, it is appropriate to require the DC Tie  
19 owner/operator to supply voltage and frequency support to the ERCOT  
20 system just like any other Generation Resource. There are existing power  
21 devices, including power electronics technologies, that could be utilized to  
22 allow DC Ties to meet ERCOT's requirements and increase the stability  
23 and resiliency of the grid.

1 Q. IF THE INTERCONNECTION OF A NEW DC TIE OR OTHER ASSET TO  
2 THE ERCOT SYSTEM INCREASED THE MOST SEVERE SINGLE  
3 CONTINGENCY (MSSC), SHOULD THE COSTS OF ANY RESULTING  
4 INCREASE IN ANCILLARY SERVICES PROCURED BE BORNE BY  
5 THE OWNER OF THAT ASSET?

6 A. Not necessarily. In the current market, ERCOT assigns all ancillary  
7 services costs to load based on ratio share, rather than trying to allocate  
8 costs based on any sort of cost-causation methodology. Assigning  
9 incremental ancillary services costs to the owner of one asset would be a  
10 major departure from ERCOT's current practice.

11 **IV. CONCLUSION**

12 Q. DOES THIS CONCLUDE YOUR DIRECT TESTIMONY?

13 A. Yes.

STATE OF TEXAS       §  
                                  §  
COUNTY OF TRAVIS   §

**BEFORE ME**, the undersigned authority, on this day personally appeared  
Amanda J. Frazier, who, having been placed under oath by me, did depose as follows:

My name is Amanda J. Frazier. I am of legal age and a resident of the  
State of Texas. The foregoing testimony offered by me is true and correct, and the  
opinions stated therein are, to the best of my knowledge and belief, accurate, true and  
correct.

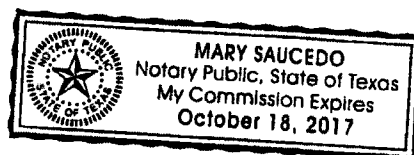
*Amanda J. Frazier*  
Amanda J. Frazier

**SUBSCRIBED AND SWORN TO BEFORE ME** by the said Amanda J. Frazier  
this  
27<sup>th</sup> day of April, 2016.

*Mary Saucedo*  
Notary Public, State of Texas

My Commission Expires:

10/18/17



**AMANDA J. FRAZIER**

1005 Congress Avenue, Suite 750 | Austin, Texas 78701 | amanda.frazier@energyfutureholdings.com |  
(512) 349-6442

Senior legal and regulatory specialist, invested in developing and advocating regulatory and legislative policies that support my company's corporate strategies, primarily before the Public Utility Commission of Texas (PUC) and the Electric Reliability Council of Texas (ERCOT).

**PROFESSIONAL EXPERIENCE****ENERGY FUTURE HOLDINGS | MAY 2012 – PRESENT**

**Senior Director, Regulatory Policy (July 2015 – present)**

**Director, Regulatory Policy (May 2012-July 2015)**

- Collaborate with regulatory policy team to prepare rulemaking comments, position papers, revision requests, and recommendations on various regulatory issues, including resource adequacy, generation costs and pricing, transmission planning, and ERCOT credit requirements.
- Direct team of regulatory policy professionals in partnership with commercial teams to drive policy and content improvements in ERCOT Protocols and Operating Guides.
- Participate as EFH's voting member on the ERCOT Technical Advisory Committee and other subcommittees and task forces.
- Partner with legislative team to develop and advocate substantive positions on bills (82<sup>nd</sup>, 83<sup>rd</sup>, 84<sup>th</sup> Texas Legislative sessions and interim hearings).

**LUMINANT | OCTOBER 2010 – MAY 2012**

**Senior Manager, Legislative and Regulatory Affairs**

- Represented Luminant related to activities pending at the PUC, and prepared formal and informal communications regarding Luminant's positions, including those on resource adequacy and generator emergency operations.
- Reviewed and prepared analysis for every bill filed during the Texas Legislative sessions that impacted Luminant's business.
- Managed Luminant's regulatory strategies in partnership with commercial teams to drive policy and content improvements in ERCOT Protocols and Operating Guides.
- Participated as the company's voting member on the ERCOT Wholesale Market Subcommittee and other subcommittees and task forces.

**BRACEWELL & GIULIANI LLP | December 2007 – October 2010**

**Energy Regulatory Associate**

**HUNTON & WILLIAMS LLP | September 2001 – November 2007**

**Regulated Industries and Governmental Relations Associate (January 2004 – November 2007).**

**Litigation Associate (September 2001 – January 2004).**

## EDUCATION

### **VANDERBILT UNIVERSITY SCHOOL OF LAW | May 2001**

#### **Doctor of Jurisprudence**

##### Honors and Activities:

- Phi Delta Phi Academic Fraternity
- Christian Legal Society officer
- Research Assistant, Professors Barry Friedman, Rebecca Brown, Lisa Bressman

### **BAYLOR UNIVERSITY | May 1998**

#### **Bachelor of Arts, Summa Cum Laude**

##### Honors and Activities:

- Phi Beta Kappa Academic Fraternity
- Alpha Chi Academic Fraternity
- Golden Key National Honor Society
- Baylor Presidential Scholar
- Study Abroad, Maastricht, Netherlands (Spring 1997)

## MEMBERSHIPS, PUBLICATIONS AND SPEECHES

Member of the Bar, State of Texas, admitted 2001. Admitted to practice in the U.S. District Court for the Northern and Eastern Districts of Texas.

Member, United Way Capital Area Young Leaders Society and Women's Leadership Council (2010-present).

Member, Texas Competitive Power Advocates (President 2015 - present, Vice President 2014).

Member, Association of Women in Energy (Committee Chair 2012-2013).

Co-author, Expanding the Use of Power Lines: A Review of the Regulatory Implications of Deploying Broadband Over Power Line Technology in Texas, 7 Tex. Tech J. Tex. Admin. L. 265, Summer 2006.

Speaker, "Cost Allocation Issues in Transmission," presented to Gulf Coast Power Association Spring Conference, April 12, 2016.

Speaker, "PUC Rulemaking—How it Works and How it Might Be Improved," presented to Public Utility Law Section of the State Bar of Texas Annual Meeting, August 28, 2015.

Speaker, "Evaluating the Impact of Changes to the ERCOT Market," presented to Gulf Coast Power Association Fall Conference, September 30, 2014.

Speaker, "ERCOT Policy Panel," presented to Peak Load Management Association Spring Conference, April 24, 2013.

Speaker, "Resource Adequacy: Why We Need It and How to Achieve It," presented to University of Texas School of Law Gas and Power Institute, August 24, 2012.