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

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PUBLIC UTILITY COMMISSION

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

TEXAS INDUSTRIAL ENERGY CONSUMER'S RESPONSE TO  
SOUTHERN CROSS TRANSMISSION, LLC'S SECOND  
REQUEST FOR INFORMATION

Texas Industrial Energy Consumers (TIEC) files the following responses to the Second Requests for Information (RFI) to TIEC filed by Southern Cross Transmission, LLC (SCT). The request was filed at the Commission and received by TIEC on May 2, 2016. Accordingly, pursuant to the procedural schedule entered in this case, TIEC's response is timely filed. TIEC's responses to specific questions are set forth as follows, in the order of the questions asked. Pursuant to P.U.C. Proc. R. 22.144(c)(2)(F), these responses may be treated as if they were filed under oath.

Respectfully submitted,

THOMPSON & KNIGHT LLP

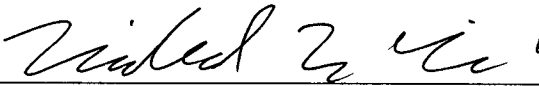


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ENERGY CONSUMERS

### CERTIFICATE OF SERVICE

I, Michael McMillin, Attorney for TIEC, hereby certify that a copy of the foregoing document was served on all parties of record in this proceeding on this 12th day of May, 2016 by hand-delivery, facsimile, electronic mail and/or First Class, U.S. Mail, Postage Prepaid.

  
\_\_\_\_\_  
Michael McMillin

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<b>CERTIFICATE OF CONVENIENCE</b>	§	<b>BEFORE THE STATE OFFICE</b>
<b>AND NECESSITY FOR THE RUSK TO</b>	§	
<b>PANOLA DOUBLE-CIRCUIT 345-KV</b>	§	<b>OF</b>
<b>TRANSMISSION LINE IN RUSK AND</b>	§	<b>ADMINISTRATIVE HEARINGS</b>
<b>PANOLA COUNTIES</b>	§	

**TEXAS INDUSTRIAL ENERGY CONSUMER'S RESPONSE TO  
SOUTHERN CROSS TRANSMISSION, LLC'S SECOND  
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**SCT-TIEC 2-1**      Of the TIEC participating members identified pursuant to 16 Tex. Admin. Code § 22.103(b), please identify those members that own generation facilities connected to the ERCOT grid.

**RESPONSE:**

TIEC has filed objections to this RFI. Subject to and without waiving those objections, TIEC has no responsive information in its possession, custody, or control.

Preparer:      Counsel  
Sponsor:      Counsel

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**TEXAS INDUSTRIAL ENERGY CONSUMER'S RESPONSE TO  
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**SCT-TIEC 2-2**      Of the TIEC participating members identified pursuant to 16 Tex. Admin. Code § 22.103(b), please identify those members that own facilities within the SERC region.

**RESPONSE:**

TIEC has filed objections to this RFI. Subject to and without waiving those objections, TIEC has no responsive information in its possession, custody, or control.

Preparer:      Counsel  
Sponsor:      Counsel

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**TEXAS INDUSTRIAL ENERGY CONSUMER'S RESPONSE TO  
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**SCT-TIEC 2-3**      Of the TIEC participating members identified pursuant to 16 Tex. Admin. Code § 22.103(b), please identify those members that own generation facilities connected to the SERC grid.

**RESPONSE:**

TIEC has filed objections to this RFI. Subject to and without waiving those objections, TIEC has no responsive information in its possession, custody, or control.

Preparer:      Counsel  
Sponsor:      Counsel

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**The following questions relate to the direct testimony of Charles S. Griffey.**

**SCT-TIEC 2-4**      Please provide the basis for the statement: "SCT's analysis shows no meaningful benefit from these limited imports." Griffey Dir. Test., p. 10, ln 19.

**RESPONSE:**

SCT's analysis shows approximately 50,000 MWh of imports across the SCT line, which is a very small amount relative to ERCOT's total usage. The analysis presented showed only monthly average prices for the connecting load node, and at these prices the value of the imports across the SCT line are an insignificant amount of total production cost. Based on the information presented, the production cost decreases shown for imports in SCT's analysis appear to be caused by increased imports on the existing DC ties rather than imports across the SCT line.

Preparer:      Charles Griffey  
Sponsor:      Charles Griffey

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**SCT-TIEC 2-5**      Please explain in detail, and provide a basis for, the statement that “the costs charged to imports/exports will not fully cover the actual costs of importing/exporting power from ERCOT.” Griffey Dir. Test., p.11 ln. 5-7.

RESPONSE:

Please refer to Sections II, III, and IV of the Direct Testimony of Charles Griffey.

Preparer:      Charles Griffey  
Sponsor:      Charles Griffey



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**TEXAS INDUSTRIAL ENERGY CONSUMER'S RESPONSE TO  
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**SCT-TIEC 2-6**      Please explain in detail, and provide a basis for, Mr. Griffey's assertion that import flows over the SCT line are "insignificant." Griffey Dir. Test., p. 11, ln. 17-18.

**RESPONSE:**

Please refer to page 10, lines 16-19 of the Direct Testimony of Charles Griffey.

Preparer:      Charles Griffey  
Sponsor:      Charles Griffey

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<b>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</b>	§ § § § § § §	<b>BEFORE THE STATE OFFICE  OF  ADMINISTRATIVE HEARINGS</b>
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**TEXAS INDUSTRIAL ENERGY CONSUMER'S RESPONSE TO  
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**SCT-TIEC 2-7**

With respect to the statement that “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)” (Griffey Dir. Test., p. 12, ln. 5-8):

- a. Please either (1) confirm that the “way the modeling was performed” refers to the constraining of the existing DC ties to only import energy, or (2) clarify to what that statement refers.
- b. Please provide the supporting analysis or other basis for the assertion that the production cost benefits and wheeling rates would otherwise be non-existent had the other ties been modeled to allow exports.
- c. Please explain how the existing DC ties should have been modeled and provide the rationale for this position.
- d. Does Mr. Griffin believe the DC ties should have been modeled inconsistently with how ERCOT models the ties in its economic and reliability analyses? If so, why?
- e. Does Mr. Griffin believe the existing DC ties should have been modeled inconsistently with how ERCOT operates the ties? If so, why?

**RESPONSE:**

- a. That sentence refers to constraining the existing DC ties.
- b. Please refer to Section III of the Direct Testimony of Charles Griffey, including pages 21-22 and footnote 24.

- c. To approximate expected flows on the lines, the ties to SPP should have been economically dispatched in the model in the same manner as the SCT line. At a minimum, the modeling approach should have been the same between the base and change cases. Since the model does not include units in Mexico, Mr. Griffey believes that for planning purposes (given the distance between the Mexico ties and the SCT line) it would have been reasonable to use the approach described in Mr. Lasher's testimony with respect to the Mexico DC ties.
- d. Please refer to page 20, line 10 through page 21, line 16 of the Direct Testimony of Charles Griffey and the response to (c) above.
- e. Please refer to page 20, line 10 through page 21, line 16 of the Direct Testimony of Charles Griffey and the response to (c) above.

Preparer: Charles Griffey  
Sponsor: Charles Griffey

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**SCT-TIEC 2-8**

With respect to the statement that the "base case artificially constrains a considerable amount of zero-production-cost renewable generation and artificially increases overall production costs" (Griffey Dir. Test., p. 17, ln 15-17), please explain whether ERCOT's planning modeling would result in a lesser constraint.

**RESPONSE:**

As explained by Mr. Lasher and in the Direct Testimony of Charles Griffey at page 20, line 10 to page 21, line 16, ERCOT's planning models and assumptions are focused on evaluating constraints within the ERCOT system, and ERCOT does not currently model the Eastern Interconnect. Since ERCOT has not modeled the economics of a new DC tie, one can only speculate about what assumptions ERCOT would make for such a modeling exercise. However, Mr. Griffey believes that a reasonable analysis would treat existing DC ties to SPP in the same manner as any proposed DC tie.

Preparer: Charles Griffey  
Sponsor: Charles Griffey

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**SCT-TIEC 2-9**

With respect to the Q&A beginning at Griffey Dir. Test., p. 17, ln 10, is it Mr. Griffey's opinion that there is a "correct" method for modeling the existing DC ties for the purposes of the SCT economic analysis? If so, please explain in detail how, in Mr. Griffey's opinion, those ties should be modeled.

**RESPONSE:**

At a minimum, the approach for modeling DC tie flows should be consistent between the base and change cases. A correct method would also include modeling the constraints associated with the operation of DC ties and the relative economics between power regions. Please also refer to Mr. Griffey's response to SCT 2-7(c).

Preparer: Charles Griffey  
Sponsor: Charles Griffey

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**SCT-TIEC 2-10**

Is it Mr. Griffey's opinion that if Mr. Lasher's indicated modeling approach (Lasher Dir. Test., pp. 7-9) were utilized to model the existing Mexico DC ties, there would have been no production cost benefits reflected in the results? If so, please explain in detail and provide any analysis supporting this opinion. If not, please identify what portion of the production costs Mr. Griffey believes is erroneous and explain in detail the basis for his belief.

**RESPONSE:**

Any production cost benefits would have been reduced because there would not have been an injection of 450 MW of zero-cost power into ERCOT every hour. Instead, production costs would have generally increased in the non-wind constrained hours when exports to Mexico occurred.

Preparer: Charles Griffey  
Sponsor: Charles Griffey

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**TEXAS INDUSTRIAL ENERGY CONSUMER'S RESPONSE TO  
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**SCT-TIEC 2-11**      With respect to the statement SCT's modeling results are "completely speculative" (Griffey Dir. Test., p. 18, ln. 2):

- a.      Is it Mr. Griffey's opinion that the production cost benefits achieved by interconnecting at West Vernon have no bearing on the benefits that would be achieved by connecting in the general proximity of that service area?
- b.      Please explain in detail and provide any analysis supporting this opinion related to Mr. Griffey's study of the relevant topology in the area around West Vernon.

**RESPONSE:**

- a.      Mr. Griffey has not opined on whether an interconnection at West Vernon would have similar results to an interconnection nearby. In Mr. Griffey's experience, transmission topography does matter, and he cannot opine without further information on where in the "general proximity" of West Vernon another interconnection would occur. It is also Mr. Griffey's understanding that SCT has not specified with which utility it proposes to interconnect, and this would also have a bearing on the economics of the project.
- b.      Mr. Griffey has not performed such an analysis.

Preparer:      Charles Griffey  
Sponsor:      Charles Griffey

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**SCT-TIEC 2-12**      Please explain in detail the basis for the statement that "SCT's benefits analysis is entirely hypothetical and unreliable" without knowing whether the project will connect in Entergy's, or TVA's, or Southern Company's service areas? Griffey Dir. Test., p. 18, ln. 3-7.

RESPONSE:

Please see the response to SCT 2-11.

Preparer:      Charles Griffey  
Sponsor:      Charles Griffey



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**TEXAS INDUSTRIAL ENERGY CONSUMER'S RESPONSE TO  
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**SCT-TIEC 2-13**      Please explain what "offsetting transmission cost" refers to and what costs should have been considered in the SCT benefits analysis. Griffey Dir. Test., p. 18, ln. 8-10.

**RESPONSE:**

Any costs associated with new transmission facilities or upgrades to relieve reliability issues or constraints associated with operating the SCT line.

Preparer:      Charles Griffey  
Sponsor:      Charles Griffey

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**TEXAS INDUSTRIAL ENERGY CONSUMER'S RESPONSE TO  
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**SCT-TIEC 2-14**      Please identify all examples of SCT's being "remarkably obstinate" in providing input data and results. Griffey Dir. Test., p. 18, ln. 11-12.

**RESPONSE:**

The discovery process in this case has been contentious, and has resulted in TIEC filing three separate motions to compel SCT to provide complete responses to its RFIs. Some of those motions have yet to be ruled on. Additionally, SCT has often adopted unreasonably restrictive interpretations of requests for information and discovery agreements in an attempt to delay or deny access to potentially relevant information.<sup>1</sup>

Preparer:      Charles Griffey  
Sponsor:      Charles Griffey

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<sup>1</sup> See, e.g., Docket 45624, Texas Industrial Energy Consumers' Motion to Compel Regarding TIEC 2-12, Request for an Expedited Ruling, and Request for *In Camera* Inspection, (Apr. 20, 2016).

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**TEXAS INDUSTRIAL ENERGY CONSUMER'S RESPONSE TO  
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**SCT-TIEC 2-15**

With respect to the testimony at Griffey Dir. Test., p. 18, ln. 11-17:

- a. Please explain how a lack of data in the form requested by TIEC would raise valid concerns about SCT's benefits analysis.
- b. Please explain how an initial difficulty in running the model in some months would imply that the fully checked results for the periods when the model did run are of questionable quality.
- c. Is it Mr. Griffey's opinion that unless all months of a model run completely, the fully checked results for the periods that did run are of questionable quality?
- d. Is it Mr. Griffey's opinion that the fully checked results are of questionable quality because the analysts were initially surprised by the low imports over the SCT project relative to exports?
- e. Please explain the "quality concerns" Mr. Griffey refers to at p. 18, ln. 15.
- f. Is it Mr. Griffey's opinion that SCT's contractor and subcontractor suggested that the analysis and results provided at the completion of the study were of questionable quality?
- g. What is the basis of Mr. Griffey's inference that SCT's contractor reviewed a limited amount of output data?
- h. Is it Mr. Griffey's opinion that SCT's contractor's data review undermines the credibility or reliability of the results? If so, what is the basis of that opinion?
- i. Is it Mr. Griffey's opinion that the SCT contractor's speculation as to the underlying cause of unexpected results implies that the results are of questionable quality?

RESPONSE:

- a. Mr. Griffey's testimony does not allege that the unavailability of data in a specific format raises concerns about the benefits analysis.
- b. Mr. Griffey's testimony does not necessarily imply that "fully checked" results would be affected by earlier difficulties. However, despite the fact that TIEC requested "all communications" regarding SCT's consultants' modeling results, SCT provided no communications that mention or relate to any such "fully checked" results. Further, the communications that were provided indicate that SCT's consultants provided their data in a rushed fashion in the first two weeks of December.
- c. The answer to this question depends on the model and the timing and nature of the failure.
- d. As explained in response to SCT 2-15(b), Mr. Griffey is unaware of any evidence of such "fully checked" results. The surprise expressed by the modeler goes to the weight to be placed on SCT's claim that the SCT line provides significant benefits because it would give ERCOT the ability to import from the Eastern Interconnect.
- e. As discussed in the Direct Testimony of Charles Griffey, it is not clear what quality checks were performed by Resero, and the data provided is not granular enough to explain why certain results occurred. Speculation by Resero as to why certain results occurred would not be necessary if the consultants had properly examined the results at an appropriate level of granularity.
- f. There are emails that suggest that at a point in time the results were not of sufficient quality. There were no emails provided that showed if or how those quality concerns were addressed.
- g. TIEC requested all data that was provided to Resero. Based on what was provided, Mr. Griffey believes that Resero had an insufficient amount of data to have done a reasonable job of independently reviewing the project.
- h. Yes. In Mr. Griffey's professional experience, not enough data was reviewed or retained to provide a reasonable basis for independent review.
- i. Yes, because the data does not exist to answer the questions raised.

Preparer: Charles Griffey  
Sponsor: Charles Griffey

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**SCT-TIEC 2-16**

Is it Mr. Griffey's opinion that the email string referred to in footnote 20 demonstrates that SCT's contractor had a clear and certain initial belief that the best way to model the DC ties was to model them economically with full TCOS rates applied? Griffey Dir. Test., p. 19, ln. 1-5, fn.20.

**RESPONSE:**

The email string indicates that after discussions in November of 2015, SCT and its consultant agreed that this was the best method for modeling the DC ties. It is not clear from the emails that SCT's contractor had an "initial belief." There is also no indication of the basis for a later decision to model the existing DC ties in a different fashion.

Preparer: Charles Griffey  
Sponsor: Charles Griffey

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**SCT-TIEC 2-17**      Is it Mr. Griffey's opinion that SCT and its subcontractor initially decided with certainty to model the existing DC ties economically and later changed their minds? If so, what is the basis of his opinion that they initially resolved to model the ties economically? Griffey Dir. Test., p. 19, ln. 1-5, 9-14.

RESPONSE:

Please see the response to SCT 2-16.

Preparer:      Charles Griffey  
Sponsor:      Charles Griffey

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**SCT-TIEC 2-18**      Please explain in detail how, in Mr. Griffey's informed opinion, ERCOT and third-party analysts would model the DC ties economically. Griffey Dir. Test., pp. 20, ln. 10 to p. 21, ln. 16.

RESPONSE:

Please see the response to SCT 2-9.

Preparer:      Charles Griffey  
Sponsor:      Charles Griffey

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**SCT-TIEC 2-19**      Is it Mr. Griffey's opinion that SCT's consultants neither used their best assumptions nor modeled consistently with ERCOT's typical practices for modeling DC ties? If so, what is the basis of this opinion? Griffey Dir. Test., p. 20, ln 5-9.

**RESPONSE:**

Yes. Please refer to the Direct Testimony of Charles Griffey at page 20, lines 10-19 and SCT's response to TIEC 2-27.

Preparer:      Charles Griffey  
Sponsor:      Charles Griffey



**SOAH DOCKET NO. 473-16-2751  
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
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**TEXAS INDUSTRIAL ENERGY CONSUMER'S RESPONSE TO  
SOUTHERN CROSS TRANSMISSION, LLC'S SECOND  
REQUEST FOR INFORMATION**

**SCT-TIEC 2-20**

Regarding Mr. Griffey's testimony about how ERCOT models DC ties (Griffey Dir. Test., p. 20, ln. 10-19):

- a. Please explain the basis for Mr. Griffin's knowledge of how ERCOT models DC ties and provide all documents that he relies on for such knowledge.
- b. To Mr. Griffey's knowledge, is ERCOT's method of modeling DC ties a long-standing practice or was it recently developed? Please provide all documents supporting Mr. Griffey's belief.
- c. Does Mr. Griffin believe that the specific assumptions and rationale underlying ERCOT's DC tie model are generally available for use in third-party studies? If so, what is the basis for his belief?
- d. Does Mr. Griffin believe that ERCOT provides universally applicable assumptions regarding the proper modeling of existing DC ties? If so, what is the basis for his belief? Please provide all documents supporting Mr. Griffey's belief.
- e. Please explain what is "this approach" used by ERCOT to evaluate whether it would be economic to upgrade a line? At ln. 17-19.

**RESPONSE:**

- a. Mr. Griffey's knowledge on this subject comes from his regulatory experience, his participation in the Houston Import Project cases, multiple discussions with Warren Lasher, and review of the Regional Transmission Plans.
- b. Mr. Griffey's belief is that ERCOT's assumptions for modeling DC ties have changed depending on the application for which modeling is being performed. For instance, assumptions about DC tie imports and exports for the CDR have changed over the last several years.

- c. In general, ERCOT may change its assumptions depending upon the purpose of the study it is conducting. Mr. Griffey is unaware of any ERCOT study of a new DC tie, and could only speculate as to whether any assumptions that ERCOT would make would be generally available.
- d. No. Please see the response to SCT 2-20(c).
- e. "This approach" refers to the assumptions regarding existing DC ties described on page 20, lines 14-17 of the Direct Testimony of Charles Griffey as applied to studies of upgrades to other lines within ERCOT.

Preparer: Charles Griffey  
Sponsor: Charles Griffey

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**TEXAS INDUSTRIAL ENERGY CONSUMER'S RESPONSE TO  
SOUTHERN CROSS TRANSMISSION, LLC'S SECOND  
REQUEST FOR INFORMATION**

**SCT-TIEC 2-21**      Regarding the Q&As about economic modeling (Griffey Dir. Test., pp. 20-21):

- a. Is it Mr. Griffey's opinion that it would be appropriate for purposes of ERCOT planning to model the DC ties with SPP on an economic basis for both importing and exporting?
- b. If the answer to a. is anything other than "no," please explain Mr. Griffey's response.

**RESPONSE:**

- a. It depends on the planning purpose. If ERCOT is modeling the economics of a new DC tie and has the capability to simulate pricing in the SPP and the interaction with ancillary services needs within ERCOT corresponding to the DC ties, then it would be appropriate to do so.
- b. The SCT line could change how ERCOT needs to dispatch the system and increase ancillary service needs. Being able to model the actual operations of a DC tie (which is not dispatchable via SCED) within the context of a production cost model is also difficult, as there is uncertainty around net loads and ramping constraints. Please also refer to the testimony of Mr. Lasher and Mr. Woodfin regarding how the SCT line might change ancillary services needs and transmission planning.

Preparer:      Charles Griffey  
Sponsor:      Charles Griffey

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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	§ § § § § § §	BEFORE THE STATE OFFICE  OF  ADMINISTRATIVE HEARINGS
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**TEXAS INDUSTRIAL ENERGY CONSUMER'S RESPONSE TO  
SOUTHERN CROSS TRANSMISSION, LLC'S SECOND  
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- SCT-TIEC 2-22**      Regarding Mr. Griffey's statement that it makes little sense to model economic dispatch of power only over the new tie (Griffey Dir. Test., p. 21, ln. 9-13):
- a. Is it Mr. Griffey's opinion that it makes little sense for ERCOT planners not to model exports on the SPP DC ties?
  - b. Is it Mr. Griffey's opinion that the analysis of ERCOT planners is distorted by their failure to model exports on the SPP DC ties?
  - c. If the answers to a. and b. are other than "no," please explain why it makes sense for ERCOT planners not to model exports over the SPP DC ties, but SCT should model exports over the ties.

**RESPONSE:**

- a. It depends on the modeling purpose. Please refer to the remainder of that paragraph in the Direct Testimony of Charles Griffey for additional context.
- b. Please refer to Mr. Griffey's response to SCT 2-22(a).
- c. As explained in the Direct Testimony of Charles Griffey, ERCOT has been analyzing upgrades within the ERCOT system based on that system's historic usage, and not the benefits attributable to a new tie line.

Preparer:      Charles Griffey  
Sponsor:      Charles Griffey

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**SCT-TIEC 2-23**

Regarding Mr. Griffey's statement that the benefits of imports to ERCOT are purely speculative unless the cost of ancillary services are estimated and it is known with whom SCT proposes to interconnect (Dir. Test., p. 23, ln. 1-5):

- a. Please explain how not knowing the cost of increased ancillary services makes the benefits of import flows purely speculative.
- b. Is it Mr. Griffey's opinion that the PUCT should be skeptical of the benefits demonstrated by SCT's economic analysis because of the initial reaction of SCT's subcontractor to how little the line was used for imports into ERCOT?

**RESPONSE:**

- a. The net benefit must capture the costs attributable to the new line. If ancillary service costs were to increase as a result of the SCT line, then the net benefit must also capture and account for that amount.
- b. Mr. Griffey believes the Commission should be skeptical of claimed benefits from imports over the SCT line based on how little SCT's own analysis shows that the line would be used for imports.

Preparer: Charles Griffey  
Sponsor: Charles Griffey