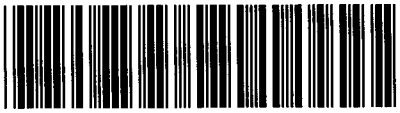

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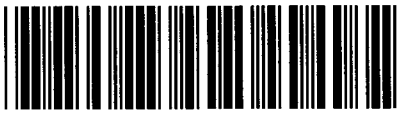

Item Number: 356

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

APPLICATION OF CITY OF GARLAND, TEXAS, TO AMEND 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 STATE OFFICE OF ADMINISTRATIVE HEARINGS**

LUMINANT GENERATION COMPANY LLC'S AND LUMINANT ENERGY COMPANY LLC'S INITIAL POST-HEARING BRIEF

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PUC DOCKET NO. 45624
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APPLICATION OF CITY OF GARLAND, TEXAS, TO AMEND 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 STATE OFFICE** **OF** **ADMINISTRATIVE HEARINGS**

LUMINANT GENERATION COMPANY LLC'S AND LUMINANT ENERGY COMPANY LLC'S INITIAL POST-HEARING BRIEF

TO THE HONORABLE ADMINISTRATIVE LAW JUDGES:

Pursuant to SOAH Order No. 2 issued in this docket, Luminant Generation Company LLC and Luminant Energy Company LLC (collectively, Luminant) file this Initial Post-Hearing Brief, respectfully showing as follows:

I. INTRODUCTION

On February 25, 2016, the City of Garland (Garland) filed its application in this docket for an amendment to its certificate of convenience and necessity (CCN) to construct the proposed Rusk to Panola double-circuit 345-kV transmission line in Rusk and Panola Counties (Garland Project). The Garland Project will interconnect a new Rusk Switching Station (Rusk Substation) in Rusk County to a new Panola Switching Station (Panola Substation) in Panola County at the Texas-Louisiana border. The new Rusk Substation will interconnect with the Electric Reliability Council of Texas, Inc. (ERCOT) transmission system, and the new Panola Substation will interconnect to a new high-voltage direct current converter station to be owned by Southern Cross Transmission LLC (Southern Cross) located across the border in Louisiana (SCT Project).

The issues in this docket generally fall into one of two categories—the traditional standards for a CCN required under Section 37.056 of the Public Utility Regulatory Act (PURA)[1] pertaining to the Garland Project, and the issues specific to the proposed SCT Project requiring review under recently enacted PURA §§ 37.051(c-1) and (c-2).

[1] TEX. UTIL. CODE ANN. §§ 11.001-66.016 (West 2007 & Supp. 2015) (PURA).

With respect to the SCT Project, the critical issue to be addressed is what "reasonable conditions to protect the public interest" the Commission should prescribe under PURA § 37.051(c-2). The Legislature, in enacting the provisions of PURA that govern this case, expressly recognized the unique and unprecedented impacts of large, new direct current (DC) ties like the SCT Project and, accordingly, directed the Commission to carefully review and prescribe conditions concerning a proposed interconnection between ERCOT and another power region to the extent necessary to protect the public interest:

> The interconnection of new large . . . DC ties between the . . . ERCOT system and neighboring regional transmission organizations could have a significant impact on price formation, resource dispatch practices, reliability, the quantity and cost of ancillary services, and resource adequacy. . . . The impacts of new large DC ties on consumers and producers are varied and must be formally assessed by the [Commission].[2]

The record evidence in this case firmly establishes that the interconnection of the SCT Project will indeed have significant impacts on price formation, resource dispatch, and transmission congestion in ERCOT, all of which impact the public interest.[3] Therefore, the Commission should impose reasonable conditions to protect the public interest prior to energization of the SCT Project. In particular, the Commission should prescribe conditions necessary to address the issue of price reversal and suppression caused by ERCOT actions (i.e., ERCOT-directed imports or curtailment of exports over DC ties) taken during emergency conditions, and to address the transmission congestion created by imports over the SCT Project affecting resource dispatch. In addition, Luminant echoes the numerous parties in this proceeding who support a condition in the final order in this case requiring Southern Cross to execute a market participant agreement with ERCOT.[4] Finally, to the extent this docket raises other issues regarding the SCT Project that will ultimately need to be resolved through the ERCOT stakeholder process, it is appropriate within the context of this case for the Commission to provide policy direction for those issues to be effectively addressed.

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2 *See* Senate Research Center, Bill Analysis, S.B. 933, 84th Leg., R.S. (July 1, 2015).

3 Direct Testimony of Amanda J. Frazier, Luminant Ex. 2 at 5:3-11.

4 Rebuttal Testimony of David Parquet, Southern Cross Ex. 6 at 5:1-4; Direct Testimony of Ted Hailu, ERCOT Ex. 3 at 4:8-12; Direct Testimony of Charles S. Griffey, Texas Industrial Energy Consumers (TIEC) Ex. 1 at 30:13-15.

II. DISCUSSION[5]

As the evidence in this case overwhelmingly demonstrates, the SCT Project represents a major departure—in purpose, scale, and complexity—from the Commission's and the ERCOT market's experience with DC ties to date:

- Unlike the existing ERCOT DC ties, which are owned and operated by Transmission Service Providers (TSPs), Southern Cross is not a TSP and the SCT Project's "business model" is—by Southern Cross's own admission—potentially incompatible with the broad range of requirements to which a TSP is subject.[6] The merchant-owned SCT Project, whose objective is to compete profitably in the ERCOT market in a new way by exporting and importing power, is fundamentally distinct from the existing DC ties that operate in ERCOT today.[7]

- The SCT Project received Federal Energy Regulatory Commission (FERC) orders to interconnect in ERCOT and provide transmission service for "up to" 3,000 megawatts (MW) and, according to Southern Cross's filings in this docket, is presently being designed to accept approximately 2,100 MW in either direction.[8] To put that number into perspective, the capacity of all of the existing ERCOT DC ties combined is only 1,255 MW, with individual ties ranging from just 35 to 600 MW.[9]

- The SCT Project, given its size, presents "substantially larger congestion management issues than the existing smaller ERCOT DC ties," thus making it "more difficult for SCED [Security Constrained Economic Dispatch] to manage thermal constraints impacted by transfers over the tie."[10] These issues are not simply theoretical: even if the SCT Project were to import only 1,500 MW, rather than the 2,100 MW currently proposed (or 2,000 MW of import, net of losses), the record evidence establishes that the ERCOT transmission system as it exists today would experience thermal overloads.[11]

- The SCT Project will significantly impact resource dispatch in ERCOT, particularly during scarcity conditions, due to the inability of the existing transmission system to accommodate current resources and flows over the tie line

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5 Luminant's initial brief tracks the suggested briefing outline submitted by Garland but, in the interest of concision, addresses only Preliminary Order Issues 2, 3, and 4. Luminant reserves its right to address other issues in its reply brief.

6 TIEC Ex. 1 at 28:9-21.

7 Luminant Ex. 2 at 6:2-5.

8 Direct Testimony of David Parquet, Southern Cross Ex. 1 at 3:18-22.

9 Direct Testimony of Dan Woodfin, ERCOT Ex. 2 at 6:19-23.

10 *Id.* at 8:20-23.

11 Tr. at 276:10-14 (Lasher Cross) (June 1, 2016).

on the scale proposed by Southern Cross.[12] This situation is made worse by the fact that DC tie imports are not dispatchable by SCED, as explained in the testimony of Mr. Dan Woodfin and Dr. Shams Siddiqi.[13]

- The SCT Project will have a far greater potential to impact ERCOT system reliability than any of the existing DC ties, as confirmed by Mr. Woodfin, testifying on behalf of ERCOT: "If the Southern Cross DC tie is importing at full capacity without providing PFR [Primary Frequency Response] or VSS [Voltage Support Service], there could be reliability implications because it is displacing generation on the ERCOT System that has such capabilities."[14]

- The size and configuration of the SCT Project introduces uncertainty from a system planning perspective. As Mr. Warren Lasher testified on behalf of ERCOT, "A new DC tie, especially one that is larger than existing ties and connects ERCOT to a different portion of the Eastern Interconnect than do our existing DC ties, may not follow the operational patterns of the existing DC ties."[15]

- The SCT Project also has the potential to impose significant new costs. For example, if insufficient Primary Frequency Response is available on the ERCOT System due to the displacement by this DC tie of other generation, ERCOT will have to procure more Responsive Reserve Service.[16] Further, the SCT Project would establish a new Most Severe Single Contingency in the ERCOT system, necessitating the need for ERCOT to procure additional ancillary services.[17] In addition, ERCOT will need to substantially expand its capabilities to incorporate the SCT Project into outage coordination, further increasing costs for ERCOT.[18]

In view of these unique circumstances surrounding the SCT Project and the potentially significant risks it poses to ERCOT wholesale market operations and system reliability, it is necessary and appropriate for the Commission to impose conditions on the interconnection of the SCT Project, as described below.

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12 Direct Testimony of Dr. Shams Siddiqi, Luminant Ex. 1 at 11:15-12:8, 13:3-8.

13 ERCOT Ex. 2 at 7:14; Luminant Ex. 1 at 10:20-21.

14 ERCOT Ex. 2 at 16:16-19.

15 Direct Testimony of Warren Lasher, ERCOT Ex. 1 at 10:20-22.

16 ERCOT Ex. 2 at 16:20-23.

17 *Id.* at 17:11-24; Staff Ex. 3.

18 Staff Ex. 11.

A. Reasonable Conditions to Protect the Public Interest (Preliminary Order Issue No. 2)[19]

Because Garland has filed this application "for a facility to be constructed under an interconnection agreement appended to an offer of settlement approved in FERC's final order in *Southern Cross*,"[20] the Commission is authorized to impose reasonable conditions on the interconnection in order to protect the public interest.

1. The Commission should impose conditions to mitigate price reversal and suppression caused by ERCOT-directed DC tie imports and curtailment of exports over DC ties during emergencies.

As the Legislature appropriately anticipated, the interconnection of large new DC ties like the SCT Project is likely to have significant impacts on price formation in ERCOT.[21] The price formation issues arise from ERCOT's ability to take out-of-market reliability actions—curtailing exports and requesting imports—over tie lines during Energy Emergency Alert (EEA) conditions.[22] These actions by ERCOT will have price reversal and suppression impacts during emergency conditions, when scarcity price signals are most critical for the proper operation of and appropriate long-term investment decisions in the ERCOT energy-only market.[23] And the record evidence in this case demonstrates that "a very real chance exists that the ERCOT market will experience real-time price reversal or witness the suppression of scarcity price formation precisely during the scarcity conditions in which the ERCOT energy-only market design depends upon scarcity pricing."[24]

An appropriate mechanism to address this issue would be an amendment to the ERCOT Protocols similar to the price adder calculation adopted in ERCOT Nodal Protocol Revision Request (NPRR) 626. NPRR 626 was adopted by the ERCOT Board in 2014 to "meet[] the PUCT's objective of mitigating price reversal and suppression" seen during other out-of-market

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19 This section corresponds to Section V-B in Garland's suggested briefing outline.

20 *See* Preliminary Order at 2 (Mar. 22, 2016).

21 *See supra* note 2; Luminant Ex. 1 at 8:4-5.

22 Luminant Ex. 1 at 6:24-26, 8:5-18 (citing ERCOT Nodal Protocols Section 6.5.9.4).

23 *Id.* at 8:25-29.

24 Rebuttal Testimony of Mark Bruce, Southern Cross Ex. 9 at 24:20-23.

reliability actions by ERCOT.[25] The same approach and price adder calculation put in place by NPRR 626 is a reasonable and necessary means to mitigate price reversal and suppression for ERCOT-directed tie line export curtailment and requests for imports during an EEA.[26] And while the risk exists today with respect to the existing DC ties, the record in this case supports action by the Commission to address the price formation and suppression issue in the context of approving interconnection of the future SCT Project, the scale of which will no doubt exacerbate these issues further.

Accordingly, it is appropriate and necessary for the Commission in this proceeding to direct ERCOT to expeditiously implement the changes necessary to mitigate price reversal and suppression resulting from ERCOT-directed imports and curtailment of exports over DC ties during an EEA.

2. The Commission should impose conditions to address transmission congestion resulting from imports over the SCT Project.

The SCT Project will have a significant impact on resource dispatch in ERCOT, an issue of specific concern to the Legislature.[27] Resource dispatch issues arise when transmission capacity is inadequate to accommodate the output of existing generators and the imports over the DC tie.[28] Such issues are amplified during peak load times when the generation and energy imports would benefit consumers and system adequacy the most.[29] Further exacerbating the issue, as both Mr. Woodfin and Dr. Siddiqi testified, ERCOT does not dispatch DC ties in SCED today.[30] Current ERCOT protocols provide for DC Ties to be scheduled outside of SCED, meaning, in the event of transmission congestion, the DC Ties effectively have physical priority over resources dispatched through SCED. Therefore, if a scheduled DC tie transfer contributes to a potential overload,

> SCED will dispatch other generation to relieve the overload by lowering the output of one or more generators that may be contributing to the overload and

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25 Luminant Ex. 1 at 9:3-8 (quoting NPRR 626 Board Report).

26 *Id.* at 9:9-19.

27 *See supra* note 2; Luminant Ex. 1 at 10:14-15.

28 Luminant Ex. 1 at 10:15-18.

29 *Id.* at 10:18-20.

30 ERCOT Ex. 2 at 7:14; Luminant Ex. 1 at 10:20-21.

> increasing the output of other, more costly generators in a corresponding amount. . . . [T]his result . . . does not take into account the economics of this re-dispatch relative to the value of the power that is being transferred over the tie."[31]

Simply put, in the event of transmission congestion, DC ties that are importing would not be instructed to lower their output. Instead, existing resources would be backed down through SCED, effectively giving imports from resources outside of ERCOT priority over existing ERCOT resources, without regard to economics. Importantly, the backing down of ERCOT generation resources in SCED to accommodate imports over the SCT Project could also negatively impact consumers by resulting in increased congestion costs.[32]

The record evidence conclusively demonstrates that existing transmission capacity is inadequate to accommodate both current generation operating in the area of the SCT Project and imports over the tie line.[33] It is evident from even a simple analysis of peak hour operation that the transmission system would be unable to accommodate the resulting transmission flows of the SCT Project fully importing.[34]

An appropriate solution to the transmission constraints caused by the SCT Project (unless and until transmission system upgrades within ERCOT are constructed that alleviate the constraints) would be for ERCOT to evaluate and implement an appropriate constraint management plan (CMP), potentially including the use of a Special Protection System (SPS).[35] A CMP or SPS would allow for the greater use of the existing transmission facilities by allowing for SCED "to operate with additional transmission capacity," rather than dispatching less than the complete physical capability of a transmission element in order to preserve the system in the event a contingency occurs.[36] In essence,

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[31] ERCOT Ex. 2 at 7:20-8:4.

[32] Cross-Rebuttal Testimony of Amanda J. Frazier, Luminant Ex. 3 at 8:7-12; Tr. 244:17-245:12 (Frazier Cross) (June 1, 2016).

[33] Rebuttal Testimony of Stan Gray, Southern Cross Ex. 10, Exhibit SG-1-R at 4, 13, 21-32; Tr. 201:21-25 (Gray Cross), 276:10-14 (Lasher Cross) (June 1, 2016).

[34] Luminant Ex. 1 at 13:5-8.

[35] *Id.* at 12:11-14. Note that the terms "Special Protection Scheme" and "Special Protection System" (collectively, "SPSs") are intended to be used interchangeably, as are the terms "Constraint Management Plan" and "Congestion Management Plan ("CMPs").

[36] Tr. 246:13-247:1 (Frazier Cross) (June 1, 2016).

> The security constrained portion of SCED means that SCED operates so that if a contingency happens, the transmission system won't be overloaded by the generation and load that's on the system at the time. . . . [W]hat a CMP or an SPS does is it puts a plan in place [so] that if that contingency does occur, [it pre-determines] what would we do to resolve that contingency. And then once that plan is in place, we allow SCED to operate as if that contingency won't occur.[37]

Importantly, because DC ties can and do contribute to transmission constraints in the area where they operate, a CMP and/or SPS that operates on the DC tie (in conjunction with other resources and transmission elements in the area) would allow for greater use of existing transmission facilities, thereby benefiting consumers by expanding access to lower cost generation.[38]

CMPs and SPSs to facilitate market use of the transmission grid, while maintaining system security and reliability, have been used successfully for many years, in ERCOT and elsewhere, and their use in this case would be consistent with the public interest.[39] In fact, the East DC Tie has had an SPS ever since it was first built, so the concept of implementing an SPS for the SCT Project at its outset is consistent with ERCOT precedent.[40] Because of the transmission constraints that will directly result from the interconnection and operation of the SCT Project, it is appropriate and necessary for the Commission in this proceeding to direct ERCOT to implement an appropriate CMP, potentially including an SPS, that functions to control (directly or indirectly) the generation and transmission elements in the area of the SCT Project, including the tie itself. The record evidence in this case demonstrates that ERCOT consumers, as well as tie line importers and resources affected by the constraints, will reap substantial benefits from the implementation of a CMP or an SPS.[41]

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37 *Id.*

38 Tr. 257:10-15 (Frazier Redirect) (June 1, 2016).

39 Southern Cross Ex. 10 at 10:9-20; Luminant Ex. 3 at 7:16-8:4; Luminant Ex. 5; Luminant Ex. 6.

40 *See* Luminant Ex. 6 ("Oncor Monticello B," which is the SPS on the East DC Tie, is among the SPSs that are "currently active" today).

41 Luminant Ex. 1 at 7:19-27.

B. Application of PURA § 37.051(c-2) to Southern Cross (Preliminary Order Issue No. 3)[42]

As Southern Cross concedes, it is subject to the requirements of PURA § 37.051(c-2) and the Commission's imposition of reasonable conditions on the CCN in this docket.[43] Southern Cross has also stated that it will make additional "commitments" to the Commission in this proceeding, although it is unclear whether Southern Cross intends to be bound by such commitments as "reasonable conditions" under PURA § 37.051(c-2).[44]

Luminant agrees with the various parties who assert that Southern Cross should be required under the final order in this case to execute a Market Participant agreement with ERCOT.[45] Accordingly, the Commission should order that Southern Cross must execute a Market Participant agreement with ERCOT in the final order in this docket.

C. ERCOT Issues (Preliminary Order Issue No. 4)[46]

The record evidence developed in regard to a number of the ERCOT issues in the Preliminary Order in this docket indicates that some ultimate determinations remain to be reached through the ERCOT stakeholder process. However, it is important to differentiate between the types of "complex" and "technical" questions presented by actual implementation of the SCT Project and the overarching policy decisions that will shape how the ERCOT stakeholder processes unfold. As explained in the testimony of Ms. Amanda Frazier, an expert on ERCOT regulatory policy and a longtime participant in ERCOT stakeholder groups, the "ERCOT stakeholder process works much more efficiently when the Commission has weighed in on specific policy issues."[47]

With respect to the policy issues implicated by the proposed interconnection of the SCT Project, it is critical for the Commission to provide guidance in this case regarding how to

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[42] This section corresponds to Section V-E in Garland's suggested briefing outline.

[43] Supplemental Direct Testimony of Mark Bruce, Southern Cross Ex. 4 at 4:18-5:5; Southern Cross Ex. 1 16:4-7; Southern Cross Ex. 6 at 4:4-5:13.

[44] Southern Cross Ex. 6 at 5:15-6:22 (discussing "commitments" Southern Cross is willing to make to the Commission in this proceeding, while not characterizing such commitments as "reasonable conditions" the Commission is authorized to impose under PURA § 37.051(c-2)).

[45] *Id.* at 5:1-4; ERCOT Ex. 3 at 4:8-12; TIEC Ex. 1 at 30:13-15.

[46] This section corresponds to Section V-F in Garland's suggested briefing outline.

[47] Luminant Ex. 3 at 4:11-13.

appropriately account for the potentially significant disruption to the operation of the ERCOT grid that the SCT Project poses. As the long list of sub-issues under the "ERCOT Issues" section of the Preliminary Order suggests, this guidance is needed both in terms of how the SCT Project is dealt with in transmission planning and how certain costs attributable to the SCT Project should be identified and assigned.

Notably, the record evidence establishes that a critical issue on which policy guidance is needed is how a DC tie of the nature and scope of the SCT Project should be modeled in ERCOT's planning studies. As Mr. Lasher testified, for economic studies, ERCOT models the existing DC ties based on historical data for all 8,760 hours in a year.[48] Since ERCOT lacks historical data for the SCT Project, and since its operation may not be at all consistent with the operation of the existing DC ties, Mr. Lasher expresses uncertainty as to whether current modeling assumptions could be used for the SCT Project.[49] Given this uncertainty, the Commission should direct ERCOT to develop a method to specifically identify congestion that is caused by imports and exports across the SCT Project. As Ms. Frazier proposes, one approach would be to model the full imports and full exports as "bookends" to identify the congestion that could be created by the SCT Project.[50]

The Commission in its final order should provide specific guidance on these and other "ERCOT Issues" identified in the Preliminary Order in this case.

III. CONCLUSION AND PRAYER

Luminant respectfully requests that Your Honors and the Commission approve the application subject to the conditions identified herein and listed in the Proposed Findings and Fact and Conclusions of Law included as Attachment A.

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[48] ERCOT Ex. 1 at 8:14-9:8.

[49] *Id.* at 10:18-22.

[50] Luminant Ex. 3 at 6:16-24.

Respectfully submitted,

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ATTORNEYS FOR LUMINANT GENERATION COMPANY LLC AND LUMINANT ENERGY COMPANY LLC

CERTIFICATE OF SERVICE

It is hereby certified that a copy of the foregoing has been hand delivered or sent via facsimile transmission or first class United States mail, postage prepaid, to all parties of record in this proceeding on this the 10th day of June, 2016.

_____
Emily R. Jolly

ATTACHMENT A

I. PROPOSED FINDINGS OF FACT

Reasonable Conditions

1. Interconnection of the SCT Project to the ERCOT system will have a significant impact on price formation, resource dispatch practices, and transmission congestion in ERCOT.

2. When ERCOT takes reliability actions during Energy Emergency Alert (EEA) conditions to request imports or curtail exports over a DC tie, these actions have price reversal and suppression impacts at a time when the ERCOT energy-only market design is particularly dependent on scarcity pricing.

3. Mitigating the price reversal and suppression impacts of ERCOT reliability actions during EEA events resulting from ERCOT-requested imports and curtailed exports over DC ties is consistent with the public interest.

4. The price reversal and suppression impacts resulting from ERCOT-requested imports and curtailed exports over the SCT Project are likely to be exacerbated, given the proposed capacity and characteristics of the SCT Project.

5. It is in the public interest for the Commission to address the price formation and suppression issue in this proceeding as a reasonable condition relating to the interconnection of the SCT Project.

6. It is in the public interest for the Commission to order ERCOT to implement Protocol changes necessary to mitigate price reversal and suppression for ERCOT-directed imports or curtailment of exports during an EEA over DC ties prior to the energization of the SCT Project.

7. The existing transmission capacity in ERCOT is inadequate to accommodate both current generation resources operating in the area of the proposed SCT Project and imports over the SCT Project.

8. In the absence of transmission system upgrades, imports over the SCT Project will cause transmission congestion.

9. Because DC ties are not dispatched in Security Constrained Economic Dispatch (SCED) under existing ERCOT rules, imports into ERCOT over the SCT Project would be given physical priority for transmission system access as compared to generation resources that are dispatched through SCED, without regard to economics, in the event of transmission congestion.

10. An appropriate means of addressing transmission constraints associated with interconnection of the SCT Project is a Constraint Management Plan (CMP), potentially including the use of a Special Protection System (SPS).

11. CMPs and SPSs allow for maximization of the use of the existing transmission system.

12. Maximizing use of the existing transmission system through the use of CMPs and SPSs benefits consumers in ERCOT by providing access to lower cost generation.

13. Using CMPs and SPSs to facilitate market use of the transmission grid, while maintaining system security and reliability, is consistent with the public interest.

14. It is in the public interest for the Commission to order ERCOT to develop and implement an appropriate CMP, potentially including an SPS, in the area of the SCT Project in this proceeding as a reasonable condition relating to the interconnection of the SCT Project.

15. It is in the public interest for the Commission to order ERCOT to develop and implement an appropriate CMP, potentially including an SPS, in the area of the SCT Project prior to the energization of the SCT Project.

II. PROPOSED CONCLUSIONS OF LAW

1. PURA § 37.051(c-1) provides that a person may not interconnect a facility to the ERCOT transmission grid that enables additional power to be imported into or exported out of the ERCOT power grid unless the person obtains a certificate from the Commission stating the public convenience and necessity requires or will require the interconnection.

2. PURA § 37.051(c-2) provides that the Commission shall approve an application filed under Section 37.051(c-1) for a facility that is to be constructed under an interconnection agreement appended to an offer of settlement approved in a final order of the Federal Energy Regulatory Commission that was issued in Docket No. TX11-01-001 on or before December 31, 2014, directing physical connection between the ERCOT and SERC regions under Sections 210, 211, and 212 of the Federal Power Act (16 U.S.C. Sections 824i, 824j, and 824k) (hereafter "*Southern Cross*").

3. PURA § 37.051(c-2) provides that in approving the application for a facility approved in *Southern Cross*, the Commission may prescribe reasonable conditions to protect the public interest that are consistent with the final order of the Federal Energy Regulatory Commission.

4. A condition directing ERCOT to implement Protocol changes necessary to mitigate price reversal and price suppression impacts resulting from ERCOT-directed DC tie imports or curtailment of exports over DC ties during an EEA is reasonable.

5. A condition directing ERCOT to implement Protocol changes necessary to mitigate price reversal and price suppression impacts resulting from ERCOT-directed DC tie imports or curtailment of exports over DC ties during an EEA is in the public interest.

6. A condition directing ERCOT to implement Protocol changes necessary to mitigate price reversal and price suppression impacts resulting from ERCOT-directed DC tie imports or curtailment of exports over DC ties during an EEA is consistent with the final order of the Federal Energy Regulatory Commission in *Southern Cross*.

7. A condition directing ERCOT to develop and implement a Constraint Management Plan, potentially including a Special Protection System, in the area of the SCT Project prior to the energization of the SCT Project is reasonable.

8. A condition directing ERCOT to develop and implement a Constraint Management Plan, potentially including a Special Protection System, in the area of the SCT Project prior to the energization of the SCT Project is in the public interest.

9. A condition directing ERCOT to develop and implement a Constraint Management Plan, potentially including a Special Protection System, in the area of the SCT Project prior to the energization of the SCT Project is consistent with the final order of the Federal Energy Regulatory Commission in *Southern Cross*.