

Control Number: 45633



Item Number: 11

Addendum StartPage: 0

**PROJECT NO. 45633**

RECEIVED

**PROJECT TO IDENTIFY ISSUES §  
PERTAINING TO LUBBOCK POWER §  
AND LIGHT'S PROPOSAL TO BECOME §  
PART OF THE ELECTRIC §  
RELIABILITY COUNCIL OF TEXAS §**

**BEFORE THE PUBLIC UTILITY COMMISSION OF TEXAS**  
PUBLIC UTILITY COMMISSION  
FILED  
FILED CLERK

**INITIAL COMMENTS OF CROSS TEXAS TRANSMISSION, LLC**

COMES NOW Cross Texas Transmission, LLC ("Cross Texas") and files these initial comments in the above referenced and docketed proceeding.

**INTRODUCTION**

Cross Texas, a transmission service provider ("TSP") in Electric Reliability Council of Texas ("ERCOT"), provides the following comments in response to the Public Utility Commission of Texas ("Commission") Staff's March 1, 2016, questions identified in this Project. Cross Texas has reviewed the studies presented by Lubbock Power & Light ("LP&L") and agrees there are benefits to LP&L's proposal to become part of ERCOT both for LP&L customers and for ERCOT. Cross Texas takes no position on whether the proposal is in the public interest. The comments provided below are nonetheless based on the assumption that the Commission will find the proposal for LP&L to become part of ERCOT to have benefits and to be in the public interest.

**DISCUSSION**

Cross Texas is primarily providing comments in response to the first question identified by the Staff in its filing in this Project:

- 1. How should the transmission service providers for the transmission facilities that would be needed to interconnect Lubbock Power & Light (LP&L or Lubbock) to the Electric Reliability Council of Texas (ERCOT) be selected?

Before addressing this question, and as a preliminary matter, Cross Texas submits that any needed transmission facilities do not fall within the scope of the current ERCOT protocols and therefore would not constitute a project that would go through the Regional Planning Group ("RPG") process, including endorsement by the Technical Advisory Committee ("TAC") and the ERCOT Board. This conclusion is premised on the fact that the integration of LP&L into the ERCOT system is neither an RPG Project necessary to resolve an identified reliability violation on the system nor is it proposed as an

11

economic project under the protocols. Any needed transmission is not an independent project but is instead a necessary adjunct to the overarching public interest finding related to LP&L's integration in ERCOT. Thus, the ERCOT protocols simply would not apply.

As recognized by the Commission in deliberations during the February 11, 2016, Open Meeting, this proposal by LB&L is *sui generis* and presents the Commission with issues that fall outside the normal ERCOT RPG process. Indeed, the principle reason for the instant project is to ascertain and develop the scope of the issues that the Commission should address in order to evaluate the proposal to integrate LP&L in to the ERCOT system. Cross Texas submits that the Commission, therefore, has the authority and discretion to independently determine all issues in the case outside of and distinct from the ERCOT process and the requirements of the ERCOT protocols and Planning Guide. This conclusion also means that the case can be processed quicker and more efficiently by the Commission, an important consideration given the aggressive timeline involved.

Having said that, Cross Texas believes that the answer to Question 1 is largely dependent on the answer to the question of who is paying for the transmission facilities, an issue that was identified in Question 11:

11. For any transmission facilities that LP&L constructs to interconnect LP&L with ERCOT, should LP&L be required to forego inclusion of any of those costs in its wholesale transmission rates? If so, how much?

If the Commission were to decide that any transmission facilities to interconnect LP&L with ERCOT should not be included in ERCOT's wholesale transmission rates, and therefore will be paid by LP&L, then LP&L should have the sole responsibility to determine who should build the facilities. If LP&L customers are solely bearing the costs, LP&L should be able to control the costs as it sees fit, and either build the facilities itself, or select the transmission service provider(s) and contract for the associated transmission service directly.

If the Commission were to decide that the transmission facilities needed to interconnect LP&L with ERCOT should be included in wholesale transmission rates, and therefore paid by all ERCOT customers, then the Commission should select the transmission service provider(s) through a competitive process in order to select the most efficient and cost effective manner to implement the proposal, similar to the selection of CREZ providers. During the CREZ process, the Commission tested competition for the construction of transmission lines and associated facilities. That process successfully attracted five

new entrant proposals<sup>1</sup>, including that of Cross Texas. Cross Texas understands the need for any proceeding to be on a fast track and believes that such a procedure need not lead to a protracted proceeding. Lessons learned from CREZ and the data generated by various TSPs and TDSPs during the construction of those thousands of miles of lines would provide the Commission with a much better perspective on selection than it had during the then unique processes of CREZ.

The Federal Energy Regulatory Commission (“FERC”) followed Texas’s lead with Order 1000, where the FERC initiated a competitive process for transmission facilities. Indeed, the use of a competitive process is something that is “in the air” and is being implemented throughout the country. Competition in the transmission market has begun to result in lower costs and risk mitigation benefits for ratepayers in other jurisdictions. For example both CAISO and PJM having selected risk mitigated proposals where new entrants have supported cost estimates with hard construction caps. SPP, MISO, and NYISO are currently conducting competitive transmission processes which may have similar results. The transmission market is moving toward providing risk mitigation and other benefits for ratepayers, and the proposal of LP&L to join ERCOT provides a unique opportunity for the Commission to test transmission competition beyond CREZ.

The use of a competitive process need not delay the Commission’s ultimate findings on benefits and the public interest test. There need not be a multi-step process, as Commissioner Anderson alluded to in his comments at the February 11, 2016 Open Meeting. Instead, given that any process would be outside the ERCOT process, the selection process could be done in parallel with the proceeding to ascertain whether to proceed with the proposal, and include the questions of who should pay (*see* Question 11 above), what gets built (ERCOT will be studying this issue independently of the Commission process), and ultimately, which TSP would best provide the necessary interconnecting facilities. As noted above, the Commission has the experience of CREZ and need not reinvent the wheel and can implement the best processes and procedures from CREZ. Cross Texas is confident that a procedure could be developed that would work in a timely manner. Moreover, such a process would likely take less time than if the process needed to be conducted under the ERCOT protocols, especially considering the issues of designation under ERCOT Protocol 3.11.4.8, which requires assignment of projects by ERCOT by “end points”, provides for negotiation by the designated parties, then if that is not resolved, final assignment by ERCOT with the possibility of appeal. Since this case provides the opportunity for the

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<sup>1</sup> New entrant proposals came from Cross Texas Lone Star Transmission, LLC, Wind Energy Transmission Texas, LLC, Babcock & Brown Renewable Holdings, Inc., and Trans-Elect Texas, LLC, in addition to many incumbent utilities. *Commission Staff’s Petition for the Selection of Entities Responsible for Transmission Improvements Necessary to Deliver Renewable Energy from Competitive Renewable Energy Zones*, Docket No. 35665 (Order March 30, 2009) (reversed on other grounds).

Commission itself to determine the selection process, there is opportunity to create an efficient process controlled by the Commission in order to meet the impending deadline.

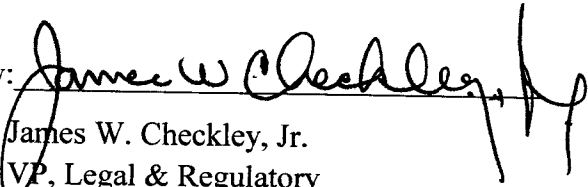
### CONCLUSION

Cross Texas appreciates the opportunity to provide these comments to the Commission. To the extent that the Commission decides LP&L integration facilities should be socialized in ERCOT's wholesale transmission rates, then the Commission should ensure it is done in the most efficient and cost effective manner, which would be through a competitive process. Cross Texas further believes that such a process could be accomplished without a protracted proceeding in order to meet the established deadline.

Dated: April 11, 2016

Respectfully submitted,

**CROSS TEXAS TRANSMISSION, LLC**

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