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Received - 2021-12-06 01:22:05 PM
Control Number - 46304
ItemNumber - 22

PROJECT NO. 46304

OVERSIGHT PROCEEDING	§	
REGARDING ERCOT MATTERS	§	
ARISING OUT OF DOCKET NO. 45624	§	
(APPLICATION OF THE CITY OF	§	
GARLAND TO AMEND A	§	PUBLIC UTILITY COMMISSION
CERTIFICATE OF CONVENIENCE	§	
AND NECESSITY FOR THE RUSK TO	§	OF TEXAS
PANOLA DOUBLE-CIRCUIT 345-KV	§	
TRANSMISSION LINE IN RUSK AND	§	
PANOLA COUNTIES)	§	

**COMMENTS OF LUMINANT GENERATION COMPANY LLC AND
LUMINANT ENERGY COMPANY LLC REGARDING ACTIONS
REQUIRED TO COMPLETE REGULATORY REVIEW**

COME NOW Luminant Generation Company LLC and Luminant Energy Company LLC (collectively, Luminant) and, in accordance with the Order of the Public Utility Commission on November 4, 2021, in this Project, submit the following comments concerning the actions remaining to be taken to complete the regulatory review previously ordered by this Commission in 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* (the Order). Pursuant to the Order, these comments are due 30 days from the date of the Order. As the 30-day deadline fell on December 4, 2021, a Saturday, under 16 Texas Admin. Code (TAC) § 22.4(a) the deadline is December 6, 2021 and these comments are timely filed.

I. BACKGROUND AND SUMMARY

In its Final Order in Docket No. 45624, the Commission approved the City of Garland's application for a Certificate of Convenience and Necessity (CCN) to build a new 38-mile long, 345-KV transmission line connecting ERCOT to a direct-current converter station (the Southern Cross DC tie or "SCT Project") in Louisiana. To accommodate this new DC tie, which will have a capacity of approximately 2,100 MW, the Commission, in a Revised Order Creating and Scoping Project issued on May 23, 2017, identified 14 tasks that it directed

ERCOT to complete. Those tasks imposed conditions on the interconnection of the DC tie project proposed by Southern Cross Transmission, LLC. and forbade Garland from energizing the Rusk-to-Panola transmission line until all are completed. The Commission directed ERCOT to periodically update the Commission on its progress, instructed Southern Cross Transmission LLC to pay ERCOT's costs to perform the tasks, and noted that some of the tasks may require stakeholder input.

Beginning in August 2017, ERCOT has filed periodic status updates with the Commission in this Project, the latest, its Ninth Status Update, on September 10, 2021. In the Ninth Status Update filing, ERCOT indicated that it expects to begin further discussions with stakeholders regarding directive 6 (transmission upgrades) as soon as approval is given to a Nodal Protocol Revision Request (NPRR), a Nodal Operating Guide Revision Request (NOGRR) and a Planning Guide Revision Request (PGRR) related to directive 8. These protocol and guide changes, which were scheduled for stakeholder consideration in October 2021, would, if approved, provide voltage support requirements for new DC ties. According to ERCOT, the resolution of directive 8 will impact ERCOT's recommendation to resolve directive 6. ERCOT will finalize whitepapers on directives 6 and 8 following approval—if it occurs—of the directive 8 revision requests.

II. TRANSMISSION UPGRADES SHOULD BE GIVEN HIGH PRIORITY

Luminant was an active participant in Docket No. 45624 and presented the testimony of two witnesses explaining its position on the issues posed in the docket. The record evidence established that interconnection of the SCT Project will significantly impact price formation, resource dispatch and transmission congestion in ERCOT. These facts, Luminant believed, and the Commission concluded, justified the Commission prescribing conditions to protect the public interest.¹ The Commission's Order on Rehearing in Docket No. 45624 and its Revised Order Creating and Scoping Project in Docket No. 45624 and Project No. 46304 contain the directives to ERCOT articulating those conditions.²

¹ See, e.g., Docket No. 45624, Order on Rehearing, FOF 68 (May 23, 2021).

² Docket No. 45624, Order on Rehearing, at 15 (May 23, 2021); Docket No. 45624 and Project No. 46304, Revised Order Creating and Scoping Project, at 2-4 (May 23, 2021).

In total, based on ERCOT's most recent timeline, five of the 14 directives have been completed, work on three directives has not been started, and the remaining six are either started or ongoing.³ While all of the remaining directives are critical to effectively address the concerns raised in the docket about the SCT Project, in these comments Luminant will focus on the importance of Directive 6, noting first that Directives 5 (Determination of planning model assumptions and considerations) and 7 (Determination as to how to manage congestion caused by DC Ties), which provide a fundamental basis for the work to be done in Directive 6, have already been completed.⁴

Directive 6 mandates the following:

6. ERCOT shall study and determine what transmission upgrades, if any are necessary to manage congestion resulting from power flows over the Southern Cross DC tie, make any necessary revisions to its standards, guides, systems, and protocols, as appropriate, and certify to the Commission when it has completed these actions. Studying the need for transmission upgrades (and addressing them), before allowing the SCT Project to proceed is an imperative because of the threat it poses to existing generation in ERCOT.

To provide context about the significance of this directive and why the Commission should give it special attention as ERCOT turns its attention to and ultimately provides its response on it, Luminant offers three observations:

First, the Order on Rehearing contained the following key findings:

FOF 55. Some degree of transmission upgrades may be necessary to accommodate electrical flows across the Southern Cross DC tie.

FOF 56. To ensure reliability in the operation of the ERCOT system, it is necessary to determine what transmission upgrades, if any, will be needed to address in an adequate manner the potential congestion caused by electrical flows over the Southern Cross DC tie.

³ PUC Project No. 46304, Electric Reliability Council of Texas's Ninth Status Update (Sept 10, 2021); Attachment A, APPENDIX, pp. 10-11.

⁴ *Id.*

FOF 113B. No party met the burden of proof to demonstrate that interconnection with the DC tie will provide meaningful benefits to customers in Texas.

FOF 113C. The Southern Cross DC tie poses a great deal of uncertainty for the ERCOT market and system and for the grid's reliability.

These findings effectively characterize the serious concerns the Commission had about the SCT Project, the amount of power it is designed to import and export, uncertainty about the adequacy of the transmission infrastructure that exists on the eastern end of the Tie and in ERCOT, and the impact the Tie may have on existing generation in ERCOT. The fact that the Commission was, as it said, "statutorily required"⁵ to approve Garland's CCN Application,⁶ did not eliminate its obligation to address concerns about the project.

Second, the capacity of all the existing DC ties in Texas combined is only 1,255 MW, so the SCT Project's size (2,100 MW) presents substantially larger congestion management issues than ERCOT has previously addressed. The record in Docket No. 45624 established that it will be more difficult for Security Constrained Economic Dispatch (SCED) to manage thermal constraints impacted by transfers over the tie.⁷ And record evidence demonstrated that the ERCOT transmission system, as it existed at the time of the hearing, would experience thermal overloads if transfers were to occur.⁸

At a time when grid reliability is one of the highest, if not *the* highest priority for the ERCOT market, plans to energize the SCT Project should not proceed unless they are preceded by an in-depth study of the need to build new transmission infrastructure in order to avoid impacting the ability of existing generation in ERCOT to operate and serve customers' needs. This is particularly true because ERCOT has previously determined that Congestion Management Plans (CMP) and Remedial Action Schemes (RAS) are fact specific and do not provide an acceptable solution to address potential congestion impacts of the SCT Project because they may cause reliability concerns, due to the Project's size.⁹ Despite its

⁵ Docket No. 45624, Revised Order Creating and Scoping Project, p. 1.

⁶ Docket No. 45624, Order on Rehearing, p. 2, fn.1.

⁷ PUC Docket No. 45624, Proposal for Decision, p. 47, et seq.

⁸ See, e.g., Order on Rehearing, p. 5, fn 13.

⁹ Project No. 46304, ERCOT's Seventh Status Report, p. 9 (April 2, 2020).

reliability concerns, ERCOT ultimately concluded that since consideration of a CMP or a RAS would be fact-specific, it should be evaluated if one were proposed in the future.¹⁰

As ERCOT considered Directive 7 and evaluated the feasibility of economic dispatch of the DC ties or alternative methods like a CMP, it ultimately concluded that economic dispatch was prohibitively expensive and complicated and the tools it has to address congestion that might be caused by the DC tie were: (1) using Reliability Unit Commitment (RUC) to bring available dispatchable generation on-line; or (2) issuing a DC Tie Curtailment Notice, curtailing the import or export of the DC Tie to the extent necessary to operate the system within its limits.¹¹

Rather than relying on an out of market action like RUC (which will create price formation issues by potentially suppressing prices during emergency conditions¹²) or curtailing imports and exports over the DC tie, whose very existence would have caused the congestion, the Commission should instead ensure that ERCOT carefully evaluates where transmission adequacy issues exist, and considers the alternatives for addressing them – all of which can and should be done in response to Directive 6.

Third, the record evidence demonstrated that existing transmission capacity is inadequate to accommodate both current generation operating in the area of the SCT Project¹³ and imports over the tie line. The solution for that, of course, is to construct transmission system upgrades to alleviate the constraints.¹⁴ That is a big, time-consuming effort that ought to be completed before the SCT Project is energized.

III. SCT PROJECT COSTS MUST BE ALLOCATED APPROPRIATELY

The Commission's Order on Rehearing in the Garland case stressed the importance of adhering to established principles of cost causation, ensuring that Texas consumers not be

¹⁰ *Id.*, p. 10.

¹¹ *Ibid.*

¹² PUC Docket No. 45624, Order on Rehearing, p. 9.

¹³ This includes Luminant's ~2,400 MW capacity Martin Lake plant, among others.

¹⁴ An interim solution that Luminant supported in Docket 45624 was to require ERCOT to evaluate and implement a constraint management plan (CMP), potentially including the use of a Special Protection System (SPS). As previously explained, ERCOT has reviewed that suggestion but has said it will defer consideration of any CMP or RAS/SPS until a fact-specific proposal is brought forward.

burdened with costs without receiving benefit for them. Directives 11 and 12 focus on allocation of costs identified in Docket No. 45624 and the possible assignment of export-related costs to Qualified Scheduling Entities. Given the magnitude of the SCT Project (including the Garland transmission line), the costs will be significant and the Commission is appropriately concerned about who will pay for them. Luminant urges the Commission to study this issue closely and to ensure that feedback from all stakeholders is obtained during the ERCOT and Commission evaluation process.

IV. CONCLUSION

Luminant appreciates the opportunity to provide its input to the Commission as it considers the ERCOT directives that are still outstanding and the work that must be done to satisfy them. The issues of necessary transmission upgrades and cost allocation are fundamental ones that must be closely analyzed by ERCOT and reviewed by the Commission. Luminant looks forward to continued participation in this project.

Dated: December 6, 2021

Respectfully submitted,



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