



Control Number: 51617



Item Number: 20

**Peter M. Lake**

Chairman

**Will McAdams**

Commissioner

**Lori Cobos**

Commissioner

**Jimmy Glotfelty**

Commissioner



**Greg Abbott**

Governor

**Thomas J. Gleeson**

Executive Director

2021 SEP -1 PM 4:43

***Public Utility Commission of Texas***

TO: Chairman Peter M. Lake  
Commissioner Will McAdams  
Commissioner Lori Cobos  
Commissioner Jimmy Glotfelty

FROM: Office of Policy and Docket Management

RE: September 2, 2021 Open Meeting, Agenda Item No. 21.

DATE: September 1, 2021

Please find enclosed a memorandum by Commissioner Cobos. Please file this in Project No. 51617, open meeting agenda items without an associated control number.

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# *Public Utility Commission of Texas*

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## **Memorandum**

**TO:** Chairman Peter M. Lake  
Commissioner Will McAdams  
Commissioner Jimmy Glotfelty

**FROM:** Commissioner Lori Cobos 

**DATE:** September 1, 2021

**RE:** September 2, 2021 Open Meeting – Agenda Item No. 21 ERCOT Oversight

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At the July 29, 2021 Open Meeting, Chairman Lake requested that I evaluate options to accelerate transmission development to resolve congestion and ensure reliability in the state, including exploring direct current (DC) ties to neighboring regions. Over the last few weeks, I have been extensively evaluating these important issues and have visited with ERCOT and numerous stakeholders in order to provide a robust response to this request. Below is an outline of my discussion points for tomorrow's open meeting.

### **I. ACCELERATION OF REGULATORY APPROVAL TIMELINES FOR TRANSMISSION PROJECTS IN ERCOT**

#### **A. ERCOT Regional Planning Group (RPG) Process**

1. Tier 1 and Tier 2 Transmission Projects – *see* Graphic 2: ERCOT RPG
2. ERCOT Independent Review Timeline
  - a. Parallel Studies or Joint Single Studies
  - b. Additional ERCOT Staff Resources

#### **B. Commission's Statutory Authority to Order the Construction of Transmission**

#### **C. Commission Certificate of Convenience and Necessity (CCN) Process**

1. CCN application approval timelines
  - a. Within one year from filing date of application
  - b. 180 days from filing date of application for transmission projects deemed critical for reliability by ERCOT
  - c. 181 days from filing date of application for transmission projects ordered by the Commission to ensure safe and reliable service in the state and reduce transmission constraints in ERCOT
2. Potential procedural efficiencies in processing CCN applications
  - a. CCN application with Applicant's pre-filed Direct Testimony
  - b. Procedural schedule with Commission Advising's Order of Referral

- (1) Prehearing conference date
- (2) Motions to intervene deadline
- (3) Technical conference to respond to common RFIs
- (4) Discovery response deadlines
- (5) Intervenor and Commission Staff Direct and Applicant Rebuttal Testimony deadlines
- (6) Hearing on the Merits scheduling
- (7) File proposed Findings of Fact, Conclusions of Law, and Ordering Paragraphs on uncontested issues directly after the Hearing on the Merits
- (8) Initial and reply brief deadlines

c. Work with Commission Advising and SOAH

## **II. ECONOMIC AND RELIABILITY CRITERIA FOR TRANSMISSION PROJECTS IN ERCOT – SENATE BILL 1281**

### **A. Economic Criteria – New Consumer Cost Savings Test**

1. Is a Commission rulemaking proceeding necessary before ERCOT can start reviewing transmission projects under the new economic test?
  - a. If so, when does the Commission want to open a rulemaking project to implement SB 1281?
    - (1) ERCOT modeling in parallel with rulemaking project
  - b. If not, the Commission will need to provide ERCOT with guidance such as:
    - (1) Should ERCOT use both the existing production cost savings test and the new consumer benefits test to review economic transmission projects in the future? Should ERCOT only use the new consumer benefits test to review economic transmission projects in the future?
    - (2) What is the required timeline of benefits for an economic transmission project to pass the new consumer benefits test?

### **B. Reliability Criteria – Load Growth**

1. Is a Commission rulemaking proceeding necessary before ERCOT can start reviewing transmission projects under the new reliability criteria?
2. Boundary threshold for customer demand forecast (ERCOT Planning Guide) – *see* Graphic 3: ERCOT Weather Zone Map
3. Planning Guide Revision Request (PGRR) 095, Minimum Deliverability Criteria for Dispatchable Resources

## **III. RIO GRANDE VALLEY – *See* Graphic 4: Rio Grande Valley Map**

### **A. Near-Term Solutions**

1. Direct ERCOT and TSPs to study the reliability and operational benefits of adding a second line to existing double-circuit capable transmission lines,

adding a new 345-kV line to close the loop, and other near-term transmission solutions

**B. Evaluation of Long-Term Solutions**

1. ERCOT proposal for RPG review this month
  - a. Hurricane resiliency
  - b. Import and Generic Transmission Constraint (GTC) issues

**IV. DC TIES**

**A. Three Existing DC Ties**

1. Oklaunion Tie – 220 MW, 1984 – SPP
2. East Tie – 600 MW, 1995 – SPP
3. Railroad Tie – 300 MW, 2007 and 2014 – Mexico

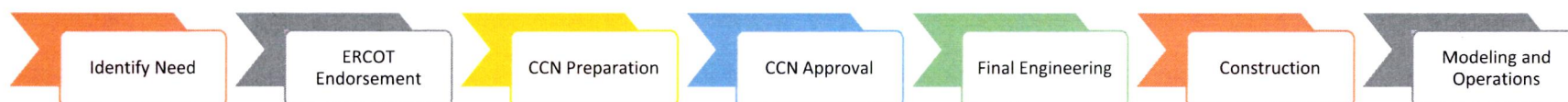
**B. Regulatory Process**

1. ERCOT to neighboring ISO/RTOs
  - a. FERC disclaimer of jurisdiction
  - b. PUC CCN
  - c. ISO/RTO market rules
    - (1) MISO (cost allocation and modelling differences)
2. ERCOT to Mexico
  - a. DOE Presidential Permit
  - b. FERC disclaimer of jurisdiction
  - c. PUC CCN
  - d. CENACE (Mexican equivalent to ERCOT)

**C. Reliability Benefits v. Costs**

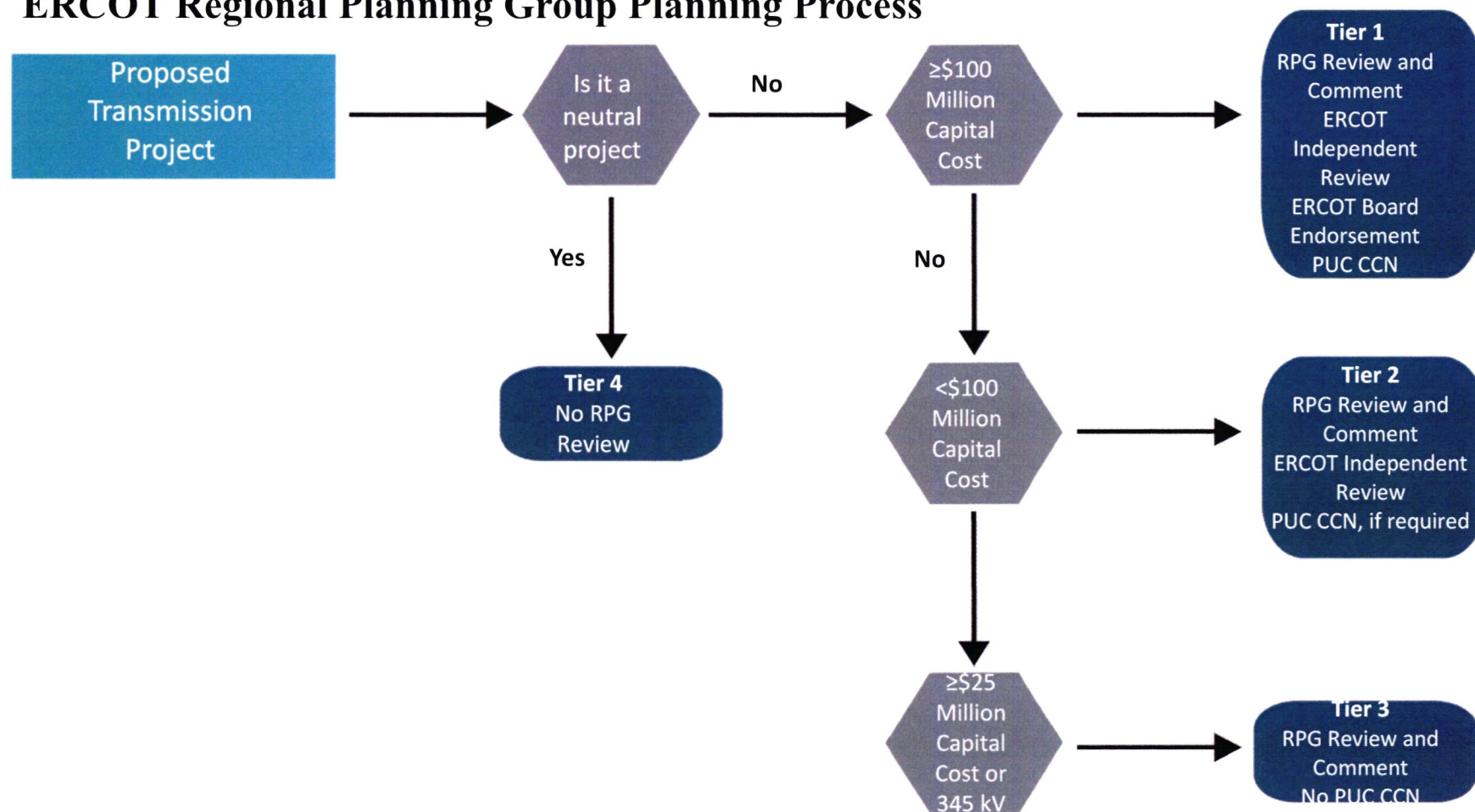
## Graphic 1:

### Timeline for New Transmission Construction in ERCOT (4-6 years)



## Graphic 2:

### ERCOT Regional Planning Group Planning Process





**Graphic 3:**  
**ERCOT Weather Zone**  
**Map**

The ERCOT system is divided into eight weather zones and customer load forecasts are produced for each weather zone.

**Graphic 4:**  
**Rio Grande**  
**Valley Map**

