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**SHARYLAND UTILITIES, L.L.C.’S
RESPONSE TO COMMISSIONER COBOS’ SEPTEMBER 14, 2021 MEMORANDUM**

TO THE HONORABLE PUBLIC UTILITY COMMISSION OF TEXAS:

Sharyland Utilities, L.L.C. (“Sharyland”) hereby files this informational data in response to the memorandum filed on September 14, 2021, by Commissioner Cobos requesting information from transmission service providers (“TSPs”) regarding potential near-term transmission solutions for the Rio Grande Valley.¹ Sharyland addresses the second circuit project in Section I and the close-the-loop project in Section II.

**I. NEW SECOND CIRCUIT ON THE DOUBLE-CIRCUIT CAPABLE 345-kV
TRANSMISSION LINE FROM SAN MIGUEL TO PALMITO**

Commissioner Cobos requested information on timelines and costs associated with adding a second circuit to the double-circuit capable 345-kV transmission line from San Miguel to Lobo to North Edinburg to Palmito (“San Miguel to Palmito”). As Sharyland owns the eastern-most 47 miles of San Miguel to Palmito, Sharyland would construct that portion of the second circuit beginning at the Palmito station and progressing approximately 47 miles west toward Electric Transmission Texas, LLC’s (“ETT”) intermediate Stewart Road station.

(1) Estimated timeline required to place into service Sharyland’s portion of the new second circuit (i.e., how many total estimated months it will take to place these new transmission facilities into service).

Sharyland estimates that it will take approximately 30 months to complete its portion of the new second circuit, which would consist of the eastern-most portion of 345-kV transmission line commencing at Sharyland’s Palmito station and progressing west approximately 47 miles to a point just short of ETT’s Stewart Road station. This 30-month

¹ *Calendar Year 2021 – Open Meeting Agenda Items without an Associated Control Number*, Project No. 51617, Memorandum from Commissioner Cobos (Sept. 14, 2021).

estimate is independent of whether a certificate of convenience and necessity (“CCN”) amendment is required, as explained in subparts (a) and (b), because Sharyland would begin the engineering and design work as soon as the Commission ordered construction of a project and would initiate procurement activities as soon as possible.

(a) The timeline required to obtain a CCN amendment from the Commission.

Sharyland believes that a CCN amendment is not necessarily required to add a second circuit to Sharyland’s double-circuit capable transmission line from Palmito to Stewart Road. The Commission granted the original CCN amendment for this 345-kV transmission line in Docket No. 41606, *Joint Application of Electric Transmission Texas, LLC and Sharyland Utilities to Amend Their Certificates of Convenience and Necessity for the North Edinburg to Loma Alta Double-Circuit 345-kV Transmission Line in Hidalgo and Cameron Counties, Texas*, in April 2014.² The final order in Docket No. 41606 approved a double-circuit capable line.³ The joint CCN application noted that initially one circuit would be installed, which Sharyland completed and energized in 2016, but the order did not limit CCN approval to the installation to a single circuit and did not include a date by which the full double-circuit capability must be energized.

If a CCN amendment were required, Sharyland estimates that it would take about eight months to prepare a CCN application⁴ and six months to process a CCN application. However, this additional 14-month process would not impact the overall 30-month schedule estimated by Sharyland for its portion of the second circuit project because Sharyland would plan to commence engineering and design work independent of the need for a CCN as described in subpart (1)(b).

²*Joint Application of Electric Transmission Texas, LLC and Sharyland Utilities to Amend Their Certificates Of Convenience and Necessity for the North Edinburg to Loma Alta Double-Circuit 345-Kv Transmission Line in Hidalgo and Cameron Counties, Texas*, Docket No. 41606, Order (Apr. 11, 2014).

³ *Id.*

⁴ “CCN Application for Standard and CREZ Transmission Line.” puc.texas.gov/industry/electric/form. Accessed Sept. 16, 2021. The application includes an environmental assessment, landowner notifications, notifications to other agencies, identification of certain sites, and public hearing(s).

Sharyland's estimate of six months to process a CCN application is consistent with Commissioner Cobos' September 1, 2021 memorandum,⁵ which refers to PURA⁶ § 39.203(e) as requiring that a final CCN order be issued before the 181st day after the date the application is filed when the Commission orders a utility to construct or enlarge transmission-related facilities under that statutory provision. If the Commission orders the new second circuit to be constructed under PURA § 39.203(e), Sharyland anticipates the Commission would use the "procedural efficiencies in processing CCN applications" described in Commissioner Cobos' September 1 memorandum to expedite the processing of any CCN applications to meet this 181-day timeline. Accordingly, the time required to obtain a CCN from the Commission, as measured from the time the Commission orders transmission to be built, would be approximately 14 months: eight months for preparation of the CCN application and six months for processing the CCN application. Again, the CCN process would not change Sharyland's estimate of 30 months to complete the project.

(b) The estimated timeline for constructing the new transmission facilities.

Sharyland estimates the timing for engineering, design, and construction to be approximately 30 months. Sharyland is prepared to commence with the engineering and design work upon receipt of a Commission order authorizing the project. Procurement of the associated equipment and materials would commence as soon as possible after the commencement of the engineering and design. This planned timing is independent of whether or not the Commission requires a CCN.

If a CCN amendment were to be required, Sharyland would be putting early capital expenditure dollars at risk, but Sharyland would be willing to take such action in conjunction with a Commission-ordered project. Material delivery timelines have increased sharply in recent months, and beginning the engineering and procurement process early will help alleviate some of the effects of the current global supply chain volatility.

⁵ *Calendar Year 2021 – Open Meeting Agenda Items without an Associated Control Number*, Project No. 51617, Memorandum from Commissioner Cobos (Sept. 1, 2021).

⁶ Public Utility Regulatory Act, Tex. Util. Code §§ 11.001-66.016.

Sharyland could use several different methods to construct the second circuit. One such method is more traditional and involves using multiple planned outages as needed to complete the work. Other alternative methods involve performing much of the construction work while the original circuit remains energized, significantly reducing the number of outages.

As Sharyland currently contemplates, any required outages necessary to support the construction methods would involve a six-hour restoration time should ERCOT request the original circuit be placed back in service.

(c) Any other assumptions factored into the estimated timeline to place the new transmission facilities into service.

The cost and timing information provided by Sharyland in this filing are based on planning level estimates. There is great volatility in pricing and in the global supply chain. Most vendors are hesitant to hold material prices for more than 15 days, and Sharyland has not sought specific vendor pricing. In addition, material delivery times have lengthened considerably over the recent months. Finally, Sharyland understands that close coordination with ERCOT and the other utilities involved in the second circuit project would be required during construction to ensure adherence to the timelines and minimize outage times.

(2) The total estimated cost to place into service their respective portion of the new second circuit.

Sharyland estimates the cost to place into service its portion of the new second circuit is approximately \$79 to \$98 million.

II. NEW TRANSMISSION FACILITIES TO CLOSE THE LOOP FROM PALMITO TO NORTH EDINBURG

Commissioner Cobos also requested information on the timelines and costs associated with new transmission facilities to close the loop from Palmito to North Edinburg. For this project, Sharyland would construct a new 345-kV station on Sharyland's portion of the Palmito to Stewart Road 345-kV transmission line at a point near AEP Texas's La Palma station. In addition,

Sharyland would construct one-half of the new 345-kV transmission line connecting the new Sharyland station to AEP Texas's La Palma station.

(1) Estimated timeline required to place into service Sharyland's portion of the new transmission facilities to close the loop from Palmito to North Edinburg.

Sharyland estimates that it will take approximately four and one-half (4.5) years to complete its portion of the close-the-loop project, which would include a new station and one-half of a new transmission line between the new station and AEP Texas's La Palma station. This four and one-half-year period includes 14 months for the CCN process and 40 months for engineering, design, and construction.

(a) The timeline required to obtain a CCN amendment from the Commission.

Please see Sharyland's response to Question (1)(a) in Section I above, which estimates the time required to obtain a CCN from the Commission, as measured from the time the Commission orders transmission to be built, would be approximately 14 months: eight months for preparation of the CCN application and six months for processing the CCN application.

(b) The estimated timeline for constructing the new transmission facilities.

Sharyland estimates that the timeline for engineering, design, and construction of its portion of the close-the-loop project would be about 40 months from when the Commission approves the CCN application.

(c) Any other assumptions factored into the estimated timeline to place the new transmission facilities into service.

See Sharyland's response to Question (1)(c) in Section I above.

(2) The total estimated cost to place into service their respective portion of the close-the-loop project.

Sharyland estimates the cost to place into service its portion of the close-the-loop project is approximately \$27 to \$30 million.

III. CONCLUSION

Sharyland appreciates the opportunity to provide the information requested by Commissioner Cobos for the Commission's consideration. Sharyland believes that the near-term projects being considered by the Commission provide resiliency in the Rio Grande Valley. ERCOT's presentation to the ERCOT Regional Planning Group on September 15, 2021,⁷ shows that the combination of closing the loop and adding the second circuit provide an additional six years of headroom from a load-serving capability standpoint. Based on recent modeling information from ERCOT, Sharyland updated its own analysis of the two projects, which shows that these projects would add an additional 313 MW of capacity. In addition, Sharyland's economic assessment of the transmission facilities needed to close the loop from Palmito to North Edinburg shows that the project meets the ERCOT Planning Criteria for economic projects as described in ERCOT Protocol 3.11.2(4) and (5), even if the project costs were to be as high as \$68 million.

By: /s/ John M. Zerwas, Jr. _____

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⁷ This presentation to the ERCOT Regional Planning Group is available at http://www.ercot.com/content/wcm/key_documents_lists/213871/ERCOT_LRGV_System_Enhancement_Project_RPG_09152021_final.pdf.