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PUC PROJECT NO. 53169

**REVIEW OF TRANSMISSION RATES
FOR EXPORTS FROM ERCOT**

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**PUBLIC UTILITY COMMISSION
OF TEXAS**

**GRID UNITED'S COMMENTS ON STAFF'S PROPOSAL FOR PUBLICATION
PROPOSING CHANGES TO § 25.192(e)**

Grid United LLC (Grid United) submits the following response to the request for comments by the Staff of the Public Utility Commission of Texas (Commission Staff) regarding proposed changes to 16 Tex. Admin. Code (TAC) § 25.192.

I. INTRODUCTION

Grid United, based in Houston, Texas, was founded and is led by a group of energy infrastructure veterans who share the same goal: modernizing the US electric grid for the 21st century. By providing key points of connection to the largely isolated US grids, inter-regional transmission projects are critical to market efficiency, reliability and resiliency. In Texas, Grid United has proposed the Pecos West Intertie Project (Proposed Project), a proposed 1,500 MW HVDC interconnection between ERCOT and the Western Electricity Coordinating Council (WECC) (see Docket No. 53758). The Proposed Project is proposed with an HVDC converter station at the LCRA TSC Bakersfield Switching Station in Pecos County, Texas and an HVDC converter station at an El Paso Electric station in El Paso County, Texas. An approximately 250 to 300 mile overhead tie line will connect the HVDC converter stations at each end of the Proposed Project. The Proposed Project's HVDC technology allows ERCOT to maintain electrical isolation from the WECC system.

II. MARKET DESIGN FOR THE 21st CENTURY

Export tariffs and other existing market rules did not fully contemplate the rapidly changing dynamics facing the Texas grid of the 21st century: surging power demand, increasing variable

sources of generation, and extreme weather. At times, the existing rules disrupt the market signals that are needed to encourage the development of grid-to-grid connections that can be part of the solution to address ongoing grid operational challenges. Thus, Grid United highly supports the proposed changes to 16 TAC § 25.192(e), which would eliminate the seasonal component of the transmission charge for exporting power outside the ERCOT region and create a consistent export charge for exporting power from ERCOT throughout the year. Further, Grid United suggests elimination of export fees outside of the peak-months entirely, as this would further lower barriers for grid-to-grid connections.

By removing barriers to free trade between grids, the Commission can offer electric generators the same market benefits afforded to the producers of all other Texas commodities. As Grid United has shown in its previous filings, taking the next step of fully eliminating export tariffs in off-peak months (i.e. outside of June, July, August, and September) significantly will encourage developers to extend capital for beneficial grid interconnection projects. Elimination of the export charge will allow power market pricing to drive the most efficient economic outcomes.

III. CONCLUSION

Free market-focused, Texas sits at the center of an energy revolution enabled by technology that has lowered the cost of fossil fuel and renewable energy production alike. To capitalize on this enviable position, the state should continue in its tradition of supporting responsible energy development with market-based solutions that lower barriers to trade across the energy landscape. As the nation's largest producer of fossil fuels and renewable energy, Texas should build on its lead by encouraging the responsible export of its natural resources. HVDC tie projects like Pecos West, supported by appropriate market rules—can provide Texas resources with access to wider markets in times of surplus and allow for imports from other areas of the the country in times of

scarcity—offering customers lower prices and contributing to a more reliable and resilient grid. Grid United looks forward to participating in this proceeding, will monitor the filings in this project, and reserves its right to file reply comments.

Respectfully submitted,

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EXECUTIVE SUMMARY

Grid United appreciates the opportunity to provide comments on the Commission's proposed amendments to 16 TAC § 25.192.

- Grid United supports the proposed published amendments to 16 TAC § 25.192(e).
- Grid United urges the Commission to consider the elimination of export fees outside of the peak-months entirely, as this would further lower barriers for grid-to-grid connections.