



## Filing Receipt

**Received - 2022-05-06 02:04:45 PM**  
**Control Number - 53198**  
**ItemNumber - 16**

**PUC PROJECT NO. 53198**

<b>PROJECT TO IDENTIFY ISSUES</b>	<b>§</b>	<b>BEFORE THE</b>
<b>PERTAINING TO LUBBOCK POWER</b>	<b>§</b>	
<b>AND LIGHT'S PROPOSAL TO</b>	<b>§</b>	<b>PUBLIC UTILITY COMMISSION</b>
<b>TRANSFER EXISTING FACILITIES</b>	<b>§</b>	
<b>AND LOAD INTO THE ELECTRIC</b>	<b>§</b>	<b>OF TEXAS</b>
<b>RELIABILITY COUNCIL OF TEXAS</b>	<b>§</b>	

**TEXAS INDUSTRIAL ENERGY CONSUMERS' REPLY COMMENTS**

**I. INTRODUCTION**

Lubbock Power & Light's (LP&L's) remaining load in the Southwest Power Pool (SPP) has satisfactory service today and LP&L's unilateral decision to transfer this load into ERCOT should not have cost or reliability consequences for other customers. The Commission has not previously evaluated the impacts of transferring LP&L's remaining load into ERCOT. Consistent with prior load transfer cases, the Commission should evaluate the "net" impacts of LP&L's elective load transfer on customers in ERCOT and the SPP to ensure that it is in the public interest.

Requiring the impacted RTO/ISOs to conduct detailed impact studies in advance of a load transfer is a cost-effective<sup>1</sup> way for the Commission to evaluate the impact of the transfer on other customers. These pre-transfer studies should not only consider projected changes in wholesale transmission charges as a result of additional (or avoided) transmission buildout, but also the reliability impacts of incorporating the transferred load, the energy cost impacts of removing/adding the transferring load for other customers, and other issues such as impacts on ancillary services and congestion rights. The study framework developed for LP&L's prior load transfer provides the appropriate framework for studying this incremental proposed transfer.

**II. REPLY COMMENTS**

**A. The Commission should require an impact study even if the remainder of LP&L's load can be interconnected without new transmission buildout.**

In initial comments, some parties claimed that further study is unnecessary in light of ERCOT's preliminary conclusion that integrating the remaining 190 MW of LP&L's load will not

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<sup>1</sup> *Application of the City of Lubbock through Lubbock Power and Light for Authority to Connect a Portion of its System with the Electric Reliability Council of Texas*, Docket No. 47576, Final Order at FoF 54 (Mar. 15, 2018) (finding that the total cost of pre-transfer studies for the prior LP&L load transfer was approximately \$250,000).

require building or abandoning transmission facilities.<sup>2</sup> However, stranded or incremental transmission is not the only issue the Commission should consider when reviewing a proposed load transfer. As noted in TIEC’s initial comments, the Commission has consistently required transferring utilities to demonstrate that non-transferring customers will not bear any costs as a result of the transfer.<sup>3</sup> This approach was reflected in the Commission’s proposed study scope for the last LP&L transfer, which required ERCOT to study impacts beyond just new or stranded transmission facilities.<sup>4</sup> It was also apparent in the Commission’s Preliminary Order in the prior LP&L transfer docket, which indicated that in addition to transmission additions, the Commission would consider impacts on ancillary services, congestion rights, subsynchronous resonance, resource adequacy, and the “reliability, quality, or cost of service provided by any utility, municipally-owned utility, or cooperative in Texas.”<sup>5</sup> A similar approach is necessary here to ensure that other customers will not be harmed by integrating LP&L’s remaining load. Requiring a reasonable impact study will help the Commission to develop a complete record on those issues. If the study demonstrates that there are limited impacts, then there should be limited obligations imposed on LP&L, but the magnitude of the impacts should be determined based on actual analysis and not conjecture.

Studying issues other than transmission topography could materially impact the outcome of the transfer proceeding. In line with its established “no harm” approach to evaluating load transfers, the Commission has previously ordered a transferring utility to provide make-whole payments that accounted for issues other than just transmission buildout. For instance, when the Commission considered East Texas Electric Cooperative’s (ETEC’s) proposal to transfer of just 35 MW of load, the Commission adopted a settlement that required ETEC to make \$5 million in

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<sup>2</sup> E.g., Project No. 53198, Electric Reliability Council of Texas, Inc.’s Initial Comments in Response to Order No. 2 at 2-3 (Apr. 29, 2022); Project No. 53198, Initial Comments of the City of Lubbock, Acting by and Through Lubbock Power & Light at 3-4 (Apr. 29, 2022).

<sup>3</sup> E.g. Docket No. 47576, Tr. (Chairman Walker Comments) at 453:3-13 (Jan. 18, 2018) (“I think one of my holdups... ever since I’ve been dealing with the Lubbock issue... is that I’ve always thought that their decision to move – their citizens are clearly getting a significant benefit from this. And *I’ve never thought that other ratepayers in Texas*, be it in the SWEPCO area, SPS area, Golden Spread area, or all of these other co-ops and munis up in the panhandle, *should have to pay for them to receive those benefits.*”) (emphasis added).

<sup>4</sup> See *Project to Identify Issues Pertaining to Lubbock Power & Light’s Proposal to Become a Part of the Electric Reliability Council of Texas*, Project No. 45633, Memo from Chairman Nelson (Jul. 19, 2016).

<sup>5</sup> See Project No. 47576, Preliminary Order at Issues To Be Addressed 5-25 (Sep. 29, 2017).

hold-harmless payments to ERCOT customers<sup>6</sup> even though the transfer was not anticipated to create reliability issues<sup>7</sup> and the transmission facilities that were necessary to interconnect ETEC's load were only estimated to cost \$2-3 million.<sup>8</sup> LP&L's proposal to transfer 190 MW of load—over five times the size of the ETEC transfer—could also adversely impact other customers even if it does not require any incremental transmission. The Commission should require these potential impacts to be studied prior to approving a transfer request.

**B. The Commission has not previously evaluated the impact of transferring the remaining 190 MW of LP&L's load.**

LP&L claims that no additional studies are needed by improperly conflating this proposed 190 MW load transfer with the load transfer previously approved in Docket No. 47576.<sup>9</sup> However, Docket No. 47576 did not evaluate the impacts of transferring LP&L's remaining 190 MW, as it was anticipated to remain in the SPP for decades.<sup>10</sup> LP&L claims that “[i]n total, [LP&L] agreed to pay \$134 million to become a part of ERCOT”<sup>11</sup> and that “[t]he purpose of these payments was to indemnify the customers in [SPP and ERCOT] from the expected net effects of LP&L's transition,”<sup>12</sup> but the studies conducted for Docket No. 47576 *did not evaluate* the 190 MW of load LP&L is now seeking to transfer.<sup>13</sup> As a result, the hold-harmless payments that LP&L agreed

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<sup>6</sup> *Petition of East Texas Electric Cooperative, Inc. for Authority to Transfer 35 Megawatts of Load into the Electric Reliability Council of Texas*, Docket No. 47898, Order at FoF 49 (Sep. 3, 2019).

<sup>7</sup> Docket No. 47898, Electric Reliability Council of Texas, Inc.'s Comments on Merits of Petition at 1 (Mar. 5, 2018).

<sup>8</sup> Docket No. 47898, *Petition of East Texas Electric Cooperative, Inc. to Transfer 35 MW Load to ERCOT* at 2 (Dec 21, 2018); *see also* Docket No. 47898, *Testimony in Support of Stipulation of Alicia Maloy* at 5 (May 29, 2019).

<sup>9</sup> *See* Project No. 53198, Initial Comments of the City of Lubbock, Acting by and Through Lubbock Power & Light at 2 (Apr. 29, 2022) (“LP&L has already made a substantial investment of time, money, and other resources toward its integration with ERCOT.”).

<sup>10</sup> Project No. 45633, Memo from Chairman Nelson at 2 (Jul. 19, 2016) (“As part of a 2010 purchasing agreement for SPS's infrastructure in Lubbock, LP&L contracted for SPS to supply 170 MW of LP&L's load-plus an additional 1.2% of load per year-starting in 2019 until 2044.”).

<sup>11</sup> Project No. 53198, Initial Comments of the City of Lubbock, Acting by and Through Lubbock Power & Light at 2.

<sup>12</sup> *Id.*

<sup>13</sup> Project No. 45633, Memo from Chairman Nelson at 2 (“The remainder of LP&L's load, approximately 430 MW, is the subject of our analysis.”); *see also* Docket No. 47576, ERCOT's Response to Order No. 4 at Bates pg. 35 (Oct. 3, 2017) (“Project No. 45633 addresses the proposed move of *a portion of* the Lubbock Power and Light

to make do not address the impact of this incremental transfer for other customers. Given the magnitude of LP&L's incremental load transfer and the low cost of conducting impact studies,<sup>14</sup> it is worthwhile for the Commission to require impact studies of this new transfer to ensure that it will not harm Texas customers in ERCOT or the SPP.

### **III. CONCLUSION**

TIEC appreciates the opportunity to file these comments and looks forward to working with the Commission Staff and other parties on this project as it moves forward.

Respectfully submitted,

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**ATTORNEYS FOR TEXAS INDUSTRIAL  
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(LP&L) system from the Southwest Power Pool (SPP) grid into the Electric Reliability Council of Texas, Inc. (ERCOT) System. Former Chairman Nelson's memo recommended either a joint study by ERCOT and SPP on the tangible costs and benefits of the proposed transition.").

<sup>14</sup> Docket No. 47576, Final Order at FoF 54 (total cost of prior LP&L transfer studies was approximately \$250,000).