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PROJECT NO. 53198

PROJECT TO IDENTIFY ISSUES	§	PUBLIC UTILITY COMMISSION
PERTAINING TO LUBBOCK POWER	§	
AND LIGHT’S PROPOSAL TO	§	OF TEXAS
TRANSFER EXISTING FACILITIES	§	
AND LOAD INTO THE ELECTRIC	§	
RELIABILITY COUNCIL OF TEXAS	§	

**REPLY COMMENTS OF THE CITY OF LUBBOCK,
ACTING BY AND THROUGH LUBBOCK POWER & LIGHT**

The City of Lubbock, acting by and through Lubbock Power & Light (LP&L), submits these Reply Comments to the Public Utility Commission of Texas (Commission) regarding Project No. 53198.¹ Pursuant to Order No. 2, Reply Comments are due to be filed on May 6, 2022.² Therefore, LP&L’s Reply Comments are timely filed.

I. EXECUTIVE SUMMARY

- All commentators addressing the questions regarding additional studies but one agree that additional studies regarding the impacts of LP&L’s request to integrate approximately 170 megawatts (MW) of its load (the Remaining Load) on both the Electric Reliability Council of Texas (ERCOT) system and the Southwest Power Pool (SPP) system are unnecessary and should not be required.
- Both LP&L’s independent study and ERCOT’s active independent study clearly demonstrate that integration of the Remaining Load has no adverse effect on ERCOT customers, and no additional studies are necessary.
- Claims for hold harmless mechanisms, though unnecessary and unfounded as reflected in both LP&L’s completed study and ERCOT’s active study, should be reviewed pursuant to the contested case procedures in Docket No. 53529, and not in this project.

II. INTRODUCTION

In addition to LP&L, several other parties filed Initial Comments in response to the Commission’s request, including the Alliance for Retail Markets (ARM), Southwestern Public

¹ Project to Identify Issues Pertaining to Lubbock Power and Light’s Proposal to Transfer Existing Facilities and Load into the Electric Reliability Council of Texas, Project No. 53198 (Feb. 8, 2022).

² Order No. 2—Requiring Notice and Seeking Comments and Responses Thereto (Mar. 25, 2022).

Service Company (SPS), the Office of Public Utility Counsel (OPUC), Texas Industrial Energy Consumers (TIEC), and ERCOT. In these Initial Comments, there appears to be broad agreement on at least two issues. First, with the exception of TIEC, no interested party believes LP&L's request to integrate its Remaining Load should go through a prolonged stakeholder process at ERCOT—similar to what was required in LP&L's initial integration docket. Second, with the exception of TIEC, no interested party believes that additional studies regarding the impact of integrating the Remaining Load are necessary. TIEC is the only party who advocates for additional studies to be conducted. LP&L will address TIEC's Initial Comments here. LP&L will also briefly address TIEC's and OPUC's Initial Comments regarding their recommendations that there be an additional hold harmless mechanism.

On April 27, 2022, LP&L filed an Application for its request to integrate the Remaining Load into ERCOT in Docket No. 53529.³ With that Application, LP&L filed direct testimony, City Council and Electric Utility Board Resolutions, LP&L's agreement with SPS, and the LP&L Remaining Load ERCOT Integration Steady State Study (Steady State Study). These materials are available in a contested case format for the Commission to review and for other parties and the public to examine.

III. REPLY COMMENTS

In its Initial Comments, TIEC advocates for ERCOT and SPP to conduct coordinated impact analyses, "similar to the studies the Commission ordered in the last LP&L load transfer, which dealt with approximately 470 MW of LP&L's load."⁴ TIEC urges that additional studies are "essential to accurately evaluate the costs of the proposed transfer for customers," including evaluating "changes in projected wholesale transmission costs due to new (or avoided) facilities."⁵

Such additional studies are unnecessary because, as noted in LP&L's Initial Comments, the integration of the Remaining Load is not similar to LP&L's prior integration docket, and more importantly, the studies already conducted for the integration of the Remaining Load and in LP&L's prior integration docket prove that no additional transmission facilities are necessary to

³ *Application of the City of Lubbock, Acting by and Through Lubbock Power & Light, for Authority to Connect the Remaining Portion of its Load with the Electric Reliability Council of Texas and for Approval of Settlement Agreement*, Docket No. 53529 (Apr. 27, 2022).

⁴ Texas Industrial Energy Consumers' Comments at 3-5 (Apr. 29, 2022) (TIEC's Initial Comments).

⁵ *Id.*

integrate the Remaining Load into ERCOT. Therefore, there will be no net effects on customers in either SPP or ERCOT, and no reason to provide additional studies. TIEC's insistence on additional studies appears to be premised on the speculation that there will be some harm to some customers. However, LP&L's Steady State Study and ERCOT's active study confirm that there is no harm. Additional studies will be unhelpful, as the studies that have already been conducted demonstrate clearly that there will be no harm to customers resulting from LP&L's requested load transfer.

The Initial Comments of the other interested parties confirm LP&L's position that additional studies will not benefit customers. OPUC studied the proposed transfer of LP&L's facilities and load into ERCOT, the prior history, and various comments made by participants in past projects to identify issues, and determined that a coordinated impact study by ERCOT and SPP should not be required.⁶ OPUC stated that "[t]he enactment of the 4ow option for the initial LP&L interconnection has resulted in LP&L adding excess transfer capacity at its existing substations, supporting up to 860 MW of future load growth," meaning that "no transmission line upgrades or transmission construction initiatives are presently needed for integrating LP&L's [Remaining Load] . . ."⁷ OPUC commented that integrating the Remaining Load "is solely at the distribution level, effectively negating the need for further coordinated studies."⁸ ERCOT's own Initial Comments support this position as well. ERCOT conducted an independent study to address the integration of the Remaining Load, and reported that its active study "has identified no further need for additional transmission improvements to support the integration."⁹ Although ERCOT's independent study has not been presented to the Commission yet, ERCOT stated it "does not believe that any additional studies are needed relative to the remaining load integration, including a coordinated study between ERCOT and the SPP."¹⁰ Most importantly, in response to TIEC's contention that additional studies are "essential to accurately evaluate the costs of the proposed

⁶ Office of Public Utility Counsel's Initial Comments on Commission Staff's Discussion Draft at 3 (Apr. 29, 2022) (OPUC's Initial Comments).

⁷ *Id.* at 3-4.

⁸ *Id.*

⁹ Electric Reliability Council of Texas, Inc.'s Initial Comments in Response to Order No. 2 at 2 (Apr. 29, 2022) (ERCOT's Initial Comments).

¹⁰ *Id.* "ERCOT anticipates that its independent study will be finalized and filed with the Commission in the mid-May to early June 2022 timeframe."

transfer for customers,” ERCOT stated that its “current LP&L Load Integration study has not revealed any reliability concerns or any other concerns with the remaining load integration, from a planning perspective,” and “ERCOT does not believe it is necessary to conduct any further studies beyond its current independent Load Integration study.”¹¹ Therefore, integration of the Remaining Load has no adverse effect on ERCOT transmission customers, and no additional studies are necessary.

Additional studies of the impact of LP&L’s planned load transfer on the SPP system are similarly unnecessary. SPS’ Initial Comments are consistent with LP&L’s Initial Comments in explaining that SPS and SPP are required to “perform an assessment of any removal of distribution delivery points within the [SPP] Region,”¹² and that “SPS is conducting an assessment regarding the impacts of the removal.”¹³ SPP will also initiate its own assessment. Given that SPS and SPP are conducting the required studies, additional studies of the effect on the SPP system would be unnecessary and unhelpful. OPUC also mirrors this position in its Initial Comments when it explains, “Given the MW sufficiency of margin for the SPP load shed contemplated by the remaining LP&L interconnection, OPUC does not believe that additional studies of the impact of LP&L’s planned load transfer on the SPP system should be conducted. At this time, OPUC does not foresee an additional SPP study benefiting Texas’ residential and small commercial consumers.”¹⁴

TIEC points out that it participated in several other ERCOT integration cases, including the former Cap Rock service area, the previous LP&L load transfer, and the Rayburn Electric Cooperative transfer.¹⁵ However, LP&L’s request to integrate its Remaining Load is not similar to any of these ERCOT integration cases. LP&L’s request to integrate its Remaining Load into ERCOT is instead similar to East Texas Electric Cooperative, Inc.’s (ETEC) request to transfer 35 MW of its load into ERCOT in Docket No. 47898.¹⁶ In that proceeding, the only study required

¹¹ *Id.* at 3-4.

¹² Comments of Southwestern Public Service Company in Compliance with Order No. 2 at 1 (Apr. 29, 2022) (SPS’ Initial Comments).

¹³ *Id.*

¹⁴ OPUC’s Initial Comments at 6.

¹⁵ TIEC’s Initial Comments at 1.

¹⁶ *Petition of ETEC, Inc. for Authority to Transfer 35 Megawatts of Load into ERCOT*, Docket No. 47898, Order (Sept. 3, 2019).

and conducted by SPP was the preliminary assessment of a transmission customer's request to add, modify, or abandon a delivery point.¹⁷ SPP's preliminary assessment showed that no further study was needed, so SPP did not require any further study or approval.¹⁸ Interestingly, TIEC did not intervene in ETEC's request to transfer its small load in Docket No. 47898, and did not argue that additional studies should be required and conducted, despite TIEC's belief that additional studies are "justified for *any* additional load transfer, *regardless of size*," and that "[e]ven a *small* load transfer in the wrong place could significantly impact other customers. . ."¹⁹

LP&L seeks to integrate its Remaining Load into ERCOT so that all of its customers can participate in customer choice, and additional studies that would only serve to delay that goal should not be required. It is well-established that there are no net effects on customers in either ERCOT or SPP, and any remaining issues that TIEC has with LP&L's integration of its Remaining Load should be addressed in the contested case setting in Docket No. 53529.²⁰

Both TIEC and OPUC address the concept of requiring an additional hold harmless mechanism in their Initial Comments. There is no need for—and in fact, there is no support for—any additional hold harmless payments for two reasons. First, the studies already conducted clearly demonstrate that there will be no negative impact on customers in either ERCOT or SPP. Second, in Docket No. 47576, LP&L agreed to pay \$22 million each year for five years—a total of \$110 million—to ERCOT wholesale transmission customers through a monthly credit rider.²¹ The purpose of these payments was to indemnify the customers in the ERCOT market from the expected net effects of LP&L's initial transition to ERCOT. The Settlement Agreement also required LP&L to pay \$24 million to SPS to indemnify SPS and its customers for the initial load integration into ERCOT. LP&L has begun to provide the monthly credit rider to the wholesale transmission customers in ERCOT and has made the \$24 million payment to SPS. In total, the City of Lubbock, acting by and through LP&L, agreed to pay \$134 million to become a part of

¹⁷ *Petition of ETEC, Inc. for Authority to Transfer 35 Megawatts of Load into ERCOT*, Docket No. 47898, Petition (Dec. 21, 2017).

¹⁸ *Id.*

¹⁹ TIEC's Initial Comments at 4 [emphasis added].

²⁰ *See* Docket No. 53529.

²¹ *Application of 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, Order at Finding of Fact No. 36 (Mar. 15, 2018).

ERCOT. Additional hold harmless mechanisms are unnecessary because the studies conducted on the integration of the Remaining Load demonstrate no harm to customers in ERCOT and because the Settlement Agreement between SPS and LP&L provides that LP&L's early termination payment will be used to compensate for power sales-related and transmission-related shifted costs. In addition, issues related to hold harmless mechanisms are more appropriate in the contested case setting in Docket No. 53529 and should be addressed there instead.

IV. CONCLUSION

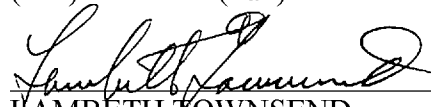
WHEREFORE PREMISES CONSIDERED, LP&L respectfully submits these Reply Comments and requests that no additional studies regarding the integration of its Remaining Load in the ERCOT system be required.

Dated May 6, 2022

Respectfully submitted,

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