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APPLICATION OF ONCOR ELECTRIC	§	BEFORE THE
DELIVERY COMPANY LLC TO	§	
AMEND ITS CERTIFICATE OF	§	
CONVENIENCE AND NECESSITY FOR	§	PUBLIC UTILITY COMMISSION
THE FLAT IRON-BARR RANCH-	§	
QUICK RIVER TAP 138-KV	§	
TRANSMISSION LINE IN MIDLAND	§	OF TEXAS
COUNTY	§	

ONCOR ELECTRIC DELIVERY COMPANY LLC’S RESPONSE TO ORDER NO. 1

Oncor Electric Delivery Company LLC (“Oncor”) files this Response to Order No. 1 (“Response”) and would respectfully show as follows:

I. INTRODUCTION

On April 28, 2022, Oncor filed an application (the “Application”) to amend its certificate of convenience and necessity for the proposed Flat Iron-Barr Ranch-Quick River Tap 138 kV transmission line project (the “Project”) in Midland County, Texas. On May 2, 2022, the Public Utility Commission of Texas (“Commission”) Office of Policy and Docket Management issued Order No. 1 Requiring Information from Applicant and Recommendation from Staff on Sufficiency of Application and Notice; and Addressing Other Procedural Matters (“Order No. 1”).¹ Among other things, Order No. 1: (a) requested that Oncor address four issues regarding alternatives to the project, and (b) required that Oncor file its responses to those issues by May 12, 2022. Accordingly, this Response is timely filed.

II. RESPONSE TO ORDER NO. 1

- 1. Has the Electric Reliability Council of Texas (ERCOT) Independent System Operator (ISO) recommended the proposed transmission line as necessary to alleviate “existing and potential transmission and distribution constraints and system needs within**

¹ Order No. 1 states that, “[u]nder 16 Texas Administrative Code (TAC) § 25.101(b), the Commission must render a decision approving or denying the application for a CCN within one year of the date of filing a complete application for such certificate.” However, 16 TAC § 25.101(b)(3)(D) requires the Commission to render a decision in 180 days for projects ERCOT has deemed critical to reliability. This project has been deemed critical to reliability and is therefore subject to a 180-day approval timeline.

ERCOT” in the annual report filed under PURA² § 39.155(b)? If not, is there a need for the proposed transmission line?

The ERCOT ISO has not recommended the Project as necessary to alleviate “existing and potential transmission and distribution constraints and system needs within ERCOT” in the annual report filed under PURA § 39.155(b). However, there is a need for the Project because ERCOT has deemed it critical to reliability.

The Project is needed to address reliability issues in West Texas. Steady-state assessments for the 2022 and 2023 summer peak cases have revealed thermal and low-voltage violations under post-contingency conditions.

Loading along this transmission line corridor has increased with the addition of new points-of-delivery and generation in the area. Much of this increase results from growing oil and gas industry loads in the region. These rapidly growing loads cause concerns for transmission reliability in the area. Many of these customers’ physical locations are several miles from the nearest transmission lines and as a result they are served only by radial transmission lines. As oil and gas development expands in this area, these new customer loads will exacerbate the identified reliability issues.

ERCOT conducted an independent review of the Project in connection with its review of Oncor’s proposed Flat Iron – Barr Ranch – Pegasus South 138-kV Line Project³ submittal to ERCOT’s Regional Planning Group (“RPG”) in June 2021. Both Oncor’s and ERCOT’s steady state contingency analyses conducted through power flow studies show that thermal overloads and low voltage violations would occur under certain contingencies studied under North American Electric Reliability Corporation (NERC) Reliability Standard TPL-001-4. Oncor’s steady-state assessment showed thermal overload reliability issues in post-contingency conditions for six area 138 kV lines and low voltage issues on ten area 138 kV load-serving substations along the same 138 kV line corridor. ERCOT’s steady-state assessments in its subsequent independent review identified additional issues: these thermal overload and low voltage violations would occur under P1, P3, and P6-2 contingencies as described in ERCOT’s independent review, with nine area 138 kV lines overloading to between 100.0% and 147.9% of their thermal capacities and fourteen 138 kV substation buses experiencing unacceptably low voltages under the contingencies studied.

² Public Utility Regulatory Act, Tex. Util. Code §§ 11.001-66.016 (“PURA”).

³ Oncor has since designated Pegasus South as the “Quickriver Tap.”

The Project will address these reliability concerns by constructing new 138 kV lines (and upgrading an existing one) while ultimately connecting two 138 kV radial transmission line sections of the grid. The overall projects endorsed by ERCOT, including this Project, will address the reliability criteria violations mentioned above while improving transmission capabilities by creating a more interconnected and networked transmission grid. In addition, the Project would result in improvements such as increased operational flexibility during emergency conditions and the enhanced ability to connect new loads to the transmission system.

Through its independent review, ERCOT endorsed the Project as a Tier 2 project that is critical to reliability of the ERCOT system. Therefore, a critical reliability need exists for the Project

2. If such a need exists, is the proposed transmission line the best option to meet the need, based on an analysis taking into account considerations of efficiency, reliability, costs, and benefits?

Yes. Due to the existing system configuration and remote location of the surrounding transmission lines, options to meet the Project need are limited. However, both Oncor and ERCOT evaluated various alternatives before selecting this Project as the best option to meet the identified need.

Instead of constructing a new line, Oncor considered rebuilding the various 138 kV transmission lines that experienced thermal exceedances. This alternative would have required rebuilding multiple existing 138 kV transmission line segments cumulatively totaling over 46 miles. Oncor determined this to be an inferior solution because it was more expensive, only addressed the thermal overloading issues in the area, and required a longer and more invasive construction process. Additionally, this alternative would not address the voltage and power quality issues in the area, would not increase system reliability under contingency conditions, and would not provide a network solution to reduce customer exposure to normal outage scenarios due to radial load connections.

In its independent review, ERCOT developed and evaluated four options to resolve the violations discovered in its analysis. Each of the four options included a new 138 kV transmission line between Flat Iron and Barr Ranch as well as a new 138 kV transmission line from Quickriver

Tap (f/k/a Pegasus South) to ONC90025_TAP.⁴ In addition to those two common features, ERCOT's four studied options also included the following unique features:

- Option 1 involved upgrading approximately 52.3 miles of 138 kV lines. The estimated cost of this option was \$135.9 million.
- Option 2 involved building a new 138 kV transmission line from Barr Ranch to ONC90025_TAP as well as upgrading the Quickriver Tap (f/k/a Pegasus South) to Pleasant Farm 138 kV line. The estimated cost of this option was \$54.6 million.
- Option 3 involved building a new 138 kV transmission line from Skywest to the Johnson Draw Point-of-Delivery (POD). The estimated cost of this option was \$43 million.
- Option 4 involved combining together the projects recommended in both Options 2 and 3. The estimated cost of this option was \$63.1 million.

Option 1 was the most expensive option, would not improve operational flexibility, and would continue to serve existing large loads radially. Option 2, while providing networked service to accommodate existing and future load growth, would not improve operational flexibility. While Option 3 would provide operational flexibility, it would still serve existing large loads radially. ERCOT determined that Option 4, as a combination of Options 2 and 3, would provide the best performance, including operational flexibility, networked service, and the ability to better serve future load growth in the area.

3. For utilities subject to the unbundling requirements of PURA § 39.051, is the proposed transmission line the best option when compared to employing distribution facilities to meet the specified need?

Yes. Distribution alternatives are not practical alternatives to the Project because they would not improve the reliability and operational capability of the transmission system in the area, cannot adequately serve all of the increasing oil and gas load, and cannot meet power quality requirements in this remote area of West Texas. Similarly, upgrading the voltage of existing

⁴ "ONC90025_TAP" represents a theoretical bus/load point used by ERCOT in conducting power-flow analyses. This point lies roughly equidistant between the proposed locations of the Quickriver Tap (f/k/a Pegasus South) and Barr Ranch Switch, but does not correspond to a real-world tap point or any other physical component of the Project. Accordingly, while ERCOT's independent review described the Barr Ranch – Quickriver portion of the Project as an approximately 4.4-mile transmission line from Barr Ranch to ONC90025_TAP and an approximately 4.4-mile transmission line from ONC90025_TAP to Quickriver Tap, in practice this portion will be constructed as a continuous transmission line of approximately 9 miles.

facilities, bundling of conductors, and adding transformers would not resolve the reliability issues the Project is intended to address. Likewise, these alternatives would not provide the necessary level of service to meet oil and gas customers' needs nor would they improve the radial nature of the transmission system serving many of these loads.

4. For utilities not subject to the unbundling requirements of PURA § 39.051, is the proposed transmission line the best option when compared to employing distribution facilities, distributed generation, and/or energy efficiency to meet the specified need?

Not applicable. Oncor is subject to the unbundling requirements of PURA § 39.051.

Respectfully submitted,

By: /s/ Jared M. Jones

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**ATTORNEYS FOR ONCOR ELECTRIC
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CERTIFICATE OF SERVICE

It is hereby certified that a copy of the foregoing has been served by email on all parties of record who have provided an email address on May 12, 2022, in accordance with the Commission's Second Order Suspending Rules issued on July 16, 2020, in Project No. 50664.

/s/ Michele M. Gibson _____