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PUC DOCKET NO. 53758

APPLICATION OF GRID UNITED	§	BEFORE THE
TEXAS LLC FOR PARTIAL	§	
CERTIFICATE OF CONVENIENCE	§	PUBLIC UTILITY COMMISSION
AND NECESSITY RIGHTS PURSUANT	§	
TO PURA §§ 37.051(C-1) AND	§	OF TEXAS
37.056(B)(2) TO INTERCONNECT AN	§	
HVDC FACILITY TO THE ERCOT	§	
TRANSMISSION GRID	§	

DIRECT TESTIMONY AND EXHIBIT

OF

MICHAEL SKELLY

ON BEHALF OF

**APPLICANT
GRID UNITED TEXAS LLC**

July 5, 2022

PUC DOCKET NO. 53758
DIRECT TESTIMONY AND EXHIBIT OF MICHAEL SKELLY

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EXHIBIT

Exhibit MS-1: Resume of Michael Skelly

**PUC DOCKET NO. 53758
DIRECT TESTIMONY OF MICHAEL SKELLY**

I. INTRODUCTION

Q. PLEASE STATE YOUR NAME, OCCUPATION, AND BUSINESS ADDRESS.

A. My name is Michael Skelly. I am the founder and Chief Executive Officer of Grid United LLC (Grid United), which wholly owns Grid United Texas LLC (Grid United Texas). My business address is 1717 West Loop South, Suite 1800, Houston, Texas 77027.

Q. WHAT IS YOUR EDUCATIONAL AND PROFESSIONAL BACKGROUND?

A. I am a graduate of the University of Notre Dame and Harvard Business School and have nearly three decades of experience as a renewable energy and infrastructure developer and entrepreneur. My resume is attached as **Exhibit MS-1** to my testimony.

Q. IN YOUR PRESENT CAPACITY, WHAT ARE YOUR RESPONSIBILITIES?

A. I am responsible for high-level strategy, project development, and execution at Grid United.

Q. HAVE YOU PREVIOUSLY TESTIFIED BEFORE THE PUBLIC UTILITY COMMISSION OF TEXAS (COMMISSION OR PUC)?

A. No, I have not. I have previously testified in front of the state regulatory commissions of Arkansas, Kansas, Illinois, Indiana, Missouri, New York, Oklahoma, Tennessee, and Wisconsin.

Q. WERE YOUR TESTIMONY AND THE PORTIONS OF THE APPLICATION YOU SPONSOR PREPARED BY YOU OR BY KNOWLEDGEABLE PERSONS UPON WHOSE EXPERTISE, JUDGMENT, AND OPINIONS YOU RELY IN PERFORMING YOUR DUTIES?

A. Yes, they were.

Q. IS THE INFORMATION CONTAINED IN YOUR TESTIMONY AND IN THE PORTIONS OF THE APPLICATION YOU SPONSOR TRUE AND CORRECT TO THE BEST OF YOUR KNOWLEDGE AND BELIEF?

A. Yes, it is.

1 **II. PURPOSE OF TESTIMONY**

2 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?**

3 A. The purpose of my testimony is to describe Grid United and Grid United Texas, to describe
4 the project proposed in the application in this proceeding, and to sponsor certain portions
5 of the application of Grid United Texas to obtain partial authorization under a certificate
6 of convenience and necessity to interconnect with the Electric Reliability Council of Texas
7 (ERCOT) grid in Texas, filed in this docket on July 5, 2022 (Application).

8 **Q. PLEASE BRIEFLY DESCRIBE THE TESTIMONY OF THE OTHER**
9 **WITNESSES WHO PROVIDE DIRECT TESTIMONY ON BEHALF OF GRID**
10 **UNITED TEXAS IN THIS DOCKET.**

11 A. In addition to my testimony, Mr. Kris Zadlo, Chief Development Officer of Grid United,
12 testifies regarding the benefits of the proposed project. Mr. Ken Donohoo is a contract
13 Senior Advisor, Engineering, to Electric Power Engineers LLC (Electric Power), and he
14 testifies regarding the need for, and impact of, the proposed project on the electric grid in
15 Texas. Mr. Ben Semmes, Director of Project Development for Grid United, testifies
16 regarding certain technical aspects of the Proposed Project, as well as the notice provided
17 in this proceeding. Ms. Anastacia (Stacy) Santos, Project Manager with Power Engineers,
18 testifies regarding the preliminary work done evaluating routing feasibility and the
19 environmental impact of the proposed project.

20 **Q. WHAT PORTIONS OF THE GRID UNITED TEXAS APPLICATION DO YOU**
21 **SPONSOR?**

22 A. I sponsor or co-sponsor the responses to Questions 1, 2, 3, 4, 5, 6, 7, 13, and 14 of the
23 Application. I sponsor or co-sponsor Attachments 4 and 5 to the Application.

24 **III. DESCRIPTION OF GRID UNITED,**
25 **GRID UNITED TEXAS, AND THE PROPOSED PROJECT**

26 **Q. PLEASE DESCRIBE GRID UNITED.**

27 A. Grid United was founded in the spring of 2021 with a mission to do just what our name
28 implies – unite the U.S. electric grid by building new long-distance, interregional

1 transmission lines to ensure that Americans have access to low-cost power when and where
2 it is needed. We are focused solely on accelerating the much needed expansion and
3 modernization of America's electric power infrastructure to build a more reliable grid,
4 create good-paying jobs, and deliver low-cost, clean, domestically produced energy to
5 businesses and homeowners across the country.

6 We recognize that our projects will have a long-term presence in the communities
7 where they are proposed, and we aim to foster long-term relationships with landowners
8 and local stakeholders. We strive to conduct ourselves in a manner that is fair and
9 respectful, and we are committed to working with landowners and local residents to
10 understand the unique characteristics of each community and property. We place great
11 importance on maintaining the relationships we build with landowners and communities
12 as we work to fulfill the goals of enhanced grid resilience, energy security, job creation,
13 and local economic development.

14 Leveraging our expertise in linear infrastructure, we seek to establish strategic
15 partnerships to advance opportunities to develop, construct, own, and operate transmission
16 projects throughout the United States. As a company with Texas-based financial backing
17 and Texas-based employees, we are particularly keen to develop projects where our
18 company goals of long-term grid resiliency, low-cost power, and greater energy security
19 align with our home state's goals.

20 Grid United's home state of Texas is blessed with an evolving and abundant power
21 supply, thanks to technological revolution that has lowered the cost to produce fossil fuels
22 and renewable energy alike. However, this abundance presents unique challenges,
23 including volatile commodity prices and reliability concerns due to market structures that
24 were not designed for the evolving energy mix the Texas grid is faced with today. These
25 challenges, which are especially acute in West Texas where renewable generation has
26 proliferated, will only increase over the decades to come unless steps are taken proactively
27 to address them. By focusing on projects that link geographically and meteorologically
28 diverse grids, Grid United's business model seeks to enhance and strengthen grids spanning
29 multiple markets, offering access to cheaper, more reliable, and secure energy for local
30 consumers, without adversely impacting the unique benefits of the existing grids.

1 The Pecos West Intertie (Proposed Project), a critical energy infrastructure
2 investment, is part of the solution that will provide reliability for the Texas grid of
3 tomorrow. The Proposed Project is an approximately 250-to-300 mile, ± 525 kilovolt (kV)
4 overhead high voltage direct current (HVDC) tie line (Tie Line) that will connect the
5 LCRA Transmission Services Corporation (LCRA TSC) Bakersfield Switching Station in
6 Pecos County, Texas, with an El Paso Electric Company (EPE) Station in El Paso County,
7 Texas. For purposes of the initial evaluation of the Proposed Project, Grid United Texas
8 has evaluated both the Caliente Station and the Newman Station, two EPE stations in
9 El Paso County. The Bakersfield Switching Station is part of the Electric Reliability
10 Council of Texas (ERCOT) grid, while the EPE stations are part of the Western Electricity
11 Coordinating Council (WECC) grid.

12 A market-based project, the Proposed Project is focused on opening new markets
13 to encourage an all-of-the-above generation approach to reduce costly congestion in West
14 Texas, lower costs for consumers, and provide reliability to Texans on both sides of the
15 Proposed Project in times of scarcity. As a critical connection between two independent
16 grids, ERCOT and WECC, the Proposed Project will provide access to new markets for
17 power producers in the State of Texas while simultaneously providing economic and
18 reliability benefits to Texas electricity consumers on both sides of the interconnection.

19 **Q. PLEASE DESCRIBE THE RELATIONSHIP BETWEEN GRID UNITED AND**
20 **GRID UNITED TEXAS.**

21 A. Grid United Texas is wholly owned by Grid United, headquartered in Houston, Texas. All
22 of the employees working on behalf of Grid United Texas are employed by Grid United.
23 Grid United Texas was formed as a wholly owned subsidiary of Grid United in order to
24 develop and operate the Proposed Project.

25 **Q. PLEASE DESCRIBE HOW GRID UNITED WORKS WITH EXISTING**
26 **UTILITIES.**

27 A. Our business model is not to be in competition with existing electric utilities. As will be
28 described further in my testimony and as set forth in the Application associated with this
29 testimony, Grid United Texas is attempting to work cooperatively with existing

1 transmission service providers in ERCOT, particularly LCRA TSC, and in WECC,
2 particularly EPE, in developing the Proposed Project in this proceeding. Both LCRA TSC
3 and EPE support the Proposed Project. As a privately funded, merchant transmission
4 developer, Grid United Texas is able to invest time and resources on critical and valuable
5 infrastructure projects that traditional utilities may not be able to pursue because of their
6 responsibility to develop projects within their established certificated areas. Although Grid
7 United Texas has the ability to develop and build its facilities independently, it also is able
8 and willing to partner directly with existing utilities to develop beneficial projects.

9 **Q. PLEASE DESCRIBE THE PROPOSED PROJECT.**

10 A. The Proposed Project is a proposed 1,500 MW HVDC interconnection between ERCOT
11 and WECC that will provide electricity consumers in El Paso and ERCOT with access to
12 reliable, low-cost power to meet the state's growing demand for electricity. The Proposed
13 Project will benefit (1) producers (thermal and renewable) with new markets for power,
14 promoting production of the lowest cost, most competitive resources; (2) landowners and
15 local communities with new jobs, tax revenue, and land revenue; (3) consumers by
16 providing increased reliability while keeping prices low thanks to increased supply of new
17 generation enabled by access to new markets; and (4) both the ERCOT grid and EPE by
18 providing unique, innovative HVDC technology offering stability and ancillary services,
19 thereby creating a more efficient, flexible transmission system for each to accommodate
20 an increasingly diverse generation mix, surging demand, and more frequent extreme
21 weather events.

22 Although the Proposed Project is currently proposed with a 1,500 MW capacity,
23 Grid United Texas proposes to design and construct the facilities in a manner that would
24 allow the Proposed Project to be expanded for greater capacity in the future as needed.
25 Because the Proposed Project will connect to the ERCOT transmission grid and allow
26 power to be exported out of or imported into the ERCOT power grid, it is subject to Public
27 Utility Regulatory Act (PURA) § 37.051(c-1), which requires that a certificate of
28 convenience and necessity (CCN) be obtained from the Commission before the
29 interconnection may occur.

1 Accordingly, Grid United Texas is requesting by this Application that the PUC
2 make a finding that the public convenience and necessity require, or will require, the
3 interconnection of facilities from an EPE Station to LCRA TSC's Bakersfield Station to
4 allow the import of power into, and the export of power out of, the ERCOT transmission
5 grid pursuant to the requirements of PURA § 37.051(c-1). Subsequent to the filing of this
6 Application, Grid United Texas will seek the necessary orders from the Federal Energy
7 Regulatory Commission (FERC) pursuant to Sections 210, 211, and 212 of the Federal
8 Power Act. After receiving the necessary FERC approval, Grid United Texas will file a
9 subsequent CCN application, if applicable, with the PUC for approval of the route of the
10 Tie Line facilities between the HVDC converter stations and final Commission
11 determinations necessary to grant full CCN rights to Grid United Texas to build and operate
12 the Proposed Project.

13 **Q. WHY IS GRID UNITED TEXAS PROPOSING A MULTI-STEP REGULATORY**
14 **PROCESS?**

15 A. The Proposed Project needs FERC approval to ensure that the independence of the ERCOT
16 grid is not compromised by the proposed interconnection of the WECC and ERCOT grids.
17 PURA § 37.051(c-1) requires a person seeking to interconnect a facility to the ERCOT
18 transmission grid that enables additional power to be imported into or exported out of the
19 ERCOT power grid to apply to the PUC for a certificate of convenience and necessity for
20 such interconnection not later than the 180th day before the date the person seeks an order
21 from the FERC related to the interconnection. Therefore, Grid United Texas must start by
22 filing with the PUC before FERC approval may be sought. But determining routing,
23 conducting an environmental assessment, and preparing all of the other necessary materials
24 for a standard certificate of convenience and necessity (CCN) application is a costly and
25 time-intensive process, all of which would be unnecessary if the PUC determines the
26 project is not in the public interest or FERC declined to order the requested interconnection.
27 Therefore, Grid United Texas concluded it is appropriate to first request only partial
28 authorization from the PUC, seeking a PUC determination of the propriety and necessity
29 of the interconnection itself, prior to requesting the necessary interconnection order from
30 the FERC. Then, once the PUC has determined the public interest necessity of the Proposed

1 Project and the FERC has issued the necessary interconnection order, Grid United Texas
2 can prepare the more costly and time-intensive environmental and routing studies prior to
3 construction and operation of the Proposed Project. This is efficient and enables the PUC
4 to determine the public interest in this critical project at an early stage, thus shaping its
5 development in a way that best serves the state's needs and policy goals.

6 **Q. BY WHAT AUTHORITY DO YOU BELIEVE THIS MULTI-STEP PROCESS IS**
7 **ALLOWED?**

8 A. As noted above, PURA § 37.051(c-1) requires Grid United Texas to apply to the PUC for
9 a certificate of convenience and necessity for the Proposed Project's interconnection with
10 ERCOT before seeking an order from the FERC related to the interconnection. PURA §
11 37.056(b)(2) provides that the PUC may "grant the certificate for . . . the partial exercise
12 of the requested right or privilege." Thus, the Texas Legislature has provided the PUC the
13 authority to grant only partial exercise rights under a CCN, without granting full rights.
14 This is exactly what Grid United Texas seeks by this Application: the finding by the PUC
15 that the public convenience and necessity require, or will require, the interconnection of
16 facilities from an EPE Station to LCRA TSC's Bakersfield Station by Grid United Texas
17 to allow the import of power into, and the export of power out of, the ERCOT transmission
18 grid pursuant to the requirements of PURA § 37.051(c-1). Further, Grid United Texas seeks
19 a finding that the Proposed Project is in the public interest. The PUC's findings can be
20 limited to the interconnection proposed and withhold rights from Grid United Texas to
21 construct and operate the Proposed Project at this time. Thus, the PUC's order may require
22 Grid United Texas to file a subsequent application, satisfying all requirements of PURA
23 § 37.056 (especially related to routing and environmental impacts), prior to constructing
24 and operating the Proposed Project.

25 **Q. WHY IS GRID UNITED TEXAS SEEKING ONLY PARTIAL CCN RIGHTS AT**
26 **THIS TIME?**

27 A. Grid United Texas appreciates the regulatory status of ERCOT and the necessity of
28 receiving appropriate regulatory approval from the FERC under the Federal Power Act's
29 established provisions to maintain the jurisdictional status quo that exists in ERCOT. Thus,

1 we recognize that the viability of the Proposed Project is likely contingent upon receiving
2 the necessary interconnection order from the FERC. Without the necessary FERC order, it
3 makes little sense to develop proposed routes, conduct detailed environmental studies, seek
4 input from other regulatory agencies (such as Texas Parks and Wildlife Department or the
5 Department of Defense Siting Clearinghouse), or conduct public meetings with local
6 landowners. Such efforts would be costly, inefficient, and waste both citizens and
7 governmental agencies' time if FERC approval were ultimately denied. Moreover, by
8 bifurcating the process, this gives the PUC the opportunity to weigh in on the Proposed
9 Project before it is fully developed to provide valuable insight and guidance to Grid United
10 Texas to ensure that the Proposed Project is developed in a manner to benefit the state's
11 policy goals and interests as much as possible. Thus, the proposed process is efficient,
12 benefits the PUC and other interested persons, and is consistent with the PUC's statutory
13 authority set out in PURA § 37.056(b)(2). The PUC is not losing any authority by this
14 process, as the final order in this matter may still require Grid United Texas to file a
15 subsequent CCN application before full CCN rights to build and operate the Proposed
16 Project are granted.

17 **Q. WHY DOES GRID UNITED TEXAS EXPECT THAT THE PROPOSED PROJECT**
18 **WILL NOT TRIGGER FERC JURISDICTION OVER THE ERCOT SYSTEM?**

19 A. The Proposed Project will not synchronously connect ERCOT and WECC. Rather, the
20 Proposed Project will consist of two HVDC converters, one at each end of the Tie Line.
21 One HVDC converter will connect to an EPE Station in WECC, and the other will connect
22 to the LCRA TSC Bakersfield Switching Station in ERCOT. There will be no adjacent
23 direct connection of WECC and ERCOT, and ERCOT will maintain authority over its grid
24 at the HVDC converter connected to the LCRA TSC Bakersfield Switching Station. Each
25 HVDC converter will act like a separator and ensure that the two grids remain independent
26 of one another. Other similar DC ties have received the type of FERC order that Grid
27 United Texas anticipates obtaining. Further, Grid United Texas will work in cooperation
28 with state and federal regulatory authorities to ensure that the Proposed Project does not
29 trigger federal oversight of ERCOT and that the Texas grid maintains its independence.

1 **IV. APPLICATION REQUIREMENTS**

2 **Q. WHAT SPECIFIC FINDINGS IS GRID UNITED TEXAS SEEKING BY THIS**
3 **FILING?**

4 A. As noted above, Grid United Texas is pursuing its CCN through a bifurcated proceeding.
5 In this first proceeding, Grid United Texas anticipates the PUC referring the following
6 issues for determination:

- 7 1. Does the public convenience and necessity require, or will it require, the
8 interconnection of facilities from an El Paso Electric Station to LCRA TSC's
9 Bakersfield Station to allow the import of power into, and the export of power out
10 of, the ERCOT transmission grid?
- 11 2. Are the proposed facilities necessary for the service, accommodation, convenience,
12 or safety of the public within the meaning of PURA § 37.056(a) taking into account
13 the relevant factors set out in PURA § 37.056(c)? In addition,
- 14 a) How does the proposed facility support the reliability and adequacy of the
15 interconnected transmission system?
- 16 b) Does the proposed facility facilitate robust wholesale competition?
- 17 c) What recommendation, if any, has an independent organization, as defined
18 in PURA § 39.151, made regarding the proposed facility?
- 19 d) Is the proposed facility needed to interconnect a new transmission service
20 customer?
- 21 3. Is the application by Grid United Texas in the public interest?
- 22 4. Do the historical load, forecasted load growth, and additional load currently seeking
23 interconnection support the need for the proposed facility?

24 All other remaining issues ordinarily applicable to CCN proceedings can be
25 bifurcated to a second proceeding and addressed in a subsequent Grid United Texas CCN
26 application following FERC issuance of an interconnection order that maintains ERCOT
27 independence.

28 Grid United Texas has completed the Commission's standard CCN application
29 form in conjunction with the Proposed Project. Many of the questions are more closely in
30 alignment with traditional transmission line projects, and Grid United Texas has

endeavored to be as responsive as possible with the information regarding the Proposed Project that is available at this time prior to development of a complete routing study and environmental analysis for the Tie Line facilities.

Q. CAN A SUBSEQUENT CCN APPLICATION FOR THE PROPOSED PROJECT ADDRESS OTHER REQUIREMENTS FROM PURA § 37.056(c) AND THE COMMISSION'S RULES THAT ARE NOT ADDRESSED BY THIS PRESENT APPLICATION?

A. Yes. A subsequent CCN application from Grid United Texas can include a routing study and Environmental Assessment (EA). The EA would identify and evaluate multiple alternative Tie Line routes, including a route that best meets the requirements of PURA and the PUC's Substantive Rules from environmental and land use standpoints. The EA would specifically address community values and the methods used to collect information regarding community values and community resources. Moreover, the PUC can identify in the final order in this docket any explicit or additional requirements that the PUC would require Grid United Texas to satisfy prior to obtaining full CCN rights to build and operate the Proposed Project. Thus, this proceeding is properly limited to a narrow scope, primarily to determine the necessity of the proposed interconnection by Grid United Texas between EPE facilities in WECC and LCRA TSC's Bakersfield Switching Station in ERCOT.

V. CONCLUSION

Q. DOES THIS CONCLUDE YOUR DIRECT TESTIMONY?

A. Yes, it does.

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RENEWABLE ENERGY ENTREPRENEUR / US WIND INDUSTRY PIONEER

Skelly is the founder and CEO of Grid United, an early stage transmission development company.

Michael was previously the founder and president of Clean Line Energy, a company that successfully permitted some of the longest transmission lines in the U.S. in the last 50 years.

Prior to Clean Line, Skelly led the growth of Horizon Wind Energy, now part of EDPR, one of the largest renewable energy companies in the US. Skelly's other entrepreneurial ventures include founding partner and general manager of the Rain Forest Aerial Tram in the early '90's, where Skelly led the development, construction and operations of the first large scale canopy tourism project in the Americas. Skelly has also worked as a Senior Advisor at Lazard where he advised companies and investors on renewable energy, sustainability and the energy transition.

Skelly applies his expertise in developing infrastructure projects to enhance transportation options and increase access to parks in his adopted hometown of Houston, Texas. In 2012, he led the "Parks By You" campaign, which resulted in the passage of a \$150 million bond measure to fund 100 plus miles of trails along the city's bayous, an effort in which Skelly remains deeply involved.

Skelly sits on the boards of the Houston Bike Share, the Houston Parks Board, LINK Houston, Greentown Labs in Houston, and Form Energy. Skelly's public service includes working as a Peace Corps Volunteer in Central America and a run for the US Congress in 2008, where he was the Democratic nominee for the 7th Congressional District of Texas. Skelly writes occasionally about energy and urban issues for the Houston Chronicle.

Skelly is the principal protagonist in *Superpower*, a book by Wall Street Journal reporter and Pulitzer Prize finalist Russell Gold. The book chronicles the growth and development of renewable energy in the 21st century.

PROFESSIONAL EXPERIENCE

GRID UNITED, LLC , <i>early-stage developer of utility-scale, long-haul high-voltage transmission lines</i> Founder / CEO <ul style="list-style-type: none">Responsible for high-level strategy, project development and execution at Grid United, early stage transmission development company working to build America's next generation energy infrastructure to power our future	Houston, TX 2021 - Today
LAZARD , <i>world's leading financial advisory and asset management firm</i> Senior Advisor <ul style="list-style-type: none">Advised companies on renewable energy and sustainability	Houston, TX 2018 - 2021
CLEAN LINE ENERGY PARTNERS , <i>independent developer of transmission lines to bring renewable energy to market</i> Founder / President	Houston, TX 2009 - 2018
US CONGRESSIONAL CAMPAIGN, 7th DISTRICT OF TEXAS U.S. CONGRESSIONAL CANDIDATE	Houston, TX 2007 - 2008
HORIZON WIND ENERGY Chief Development Officer	Houston, TX 1999 - 2008
RAIN FOREST AERIAL TRAM Partner and General Manager	Houston, TX 1991 - 1995

EDUCATION

HARVARD UNIVERSITY , Master of Business Administration (Harvard Business School)	Boston, MA
NOTRE DAME , Bachelor of Arts (BA), Economics	Notre Dame, IN

AFFILIATIONS / AWARDS

- Awards: American Wind Energy Association (AWEA) "Wind Energy Person of the Year" 2008
- Boards: AWEA (past), LINK Houston, Houston Bike Share, Greentown Labs (founding advisory board), Houston Parks
- Language: Fluent in Spanish
- Professional experience: List of industry speaking engagements, published works upon request