



Filing Receipt

Filing Date - 2023-10-13 02:43:29 PM

Control Number - 54999

Item Number - 29

PROJECT NO. 54999

TEXAS ENERGY FUND

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**PUBLIC UTILITY COMMISSION
OF TEXAS**

ENTERGY TEXAS, INC.’S COMMENTS

Entergy Texas, Inc. appreciates the opportunity to submit these comments on the framework of the Texas Energy Fund (“TEF”) and the grants for facilities outside of the Electric Reliability Council of Texas (“ERCOT”) power region that will be part of that fund.¹ ETI’s comments take the form of answers to the questions posed by Commission Staff in the Agenda for the September 21, 2023 workshop for this Project.

I. COMMENTS

A. What are the essential components of a rule to implement the portion of the Texas Energy Fund dedicated to grants for facilities outside of the ERCOT Power Region?

In preparing its response to this question, ETI considered benchmark frameworks from similar mechanisms implemented by various bodies at the federal and state levels, including but not limited to: the United States Department of Energy through its Infrastructure, Investments and Jobs Act² and Inflation Reduction Act³ grants, and the Texas Comptroller of Public Accounts through its Texas Broadband Development Office’s Bringing Online Opportunities to Texas program.⁴ ETI proposes the Commission’s rule address the following items:

- Program Goals and Objectives: ETI requests that the Commission include any prioritization information, if such exists, with respect to the various categories of grants (as enumerated in PURA § 34.0103(a)) that the Commission will award for facilities outside of the ERCOT power region.
- Funding Information: ETI requests that the Commission include the total estimated funding available during a given period or cycle in the rule, including the minimum and

¹ PURA § 34.0103.

² <https://www.whitehouse.gov/build/guidebook/>.

³ <https://www.whitehouse.gov/cleanenergy/inflation-reduction-act-guidebook/>.

⁴ <https://comptroller.texas.gov/programs/broadband/funding/boot/>.

maximum award size for a single recipient and recipient cost share information as applicable. ETI also notes that it may be useful to the Commission to release a request for information after announcing the rules for program implementation to gauge the number of applications it expects to receive for the given cycle.

- Application and Submission Information: ETI requests that the Commission rule include the filing requirements and templates for grant applications, where possible.
- Evaluation Criteria: ETI requests that the Commission rule include the objective criteria and process for recipient selection.
- Reporting Requirements: ETI requests that the Commission include clear reporting requirements by which the grant recipient can ensure compliance.
- Timeline: ETI recommends that the Commission provide an approximate timeline for each of the aforementioned steps, including the total duration of the funding opportunity. It would also be helpful for the Commission to specify whether there will be a negotiation period during which the Commission will work with the grant recipient to finalize all grant requirements.

1. What procedures should the PUC incorporate in developing the application and award requirements?

ETI recommends that the Commission develop procedures similar to those outlined in 16 Tex. Admin. Code (“TAC”) § 25.216 (Selection of Transmission Service Providers), to the extent applicable, to determine proposal eligibility.

ETI requests that the Commission include application and award requirements in the rule, which may include requirements such as:

- A general description of the project.
- The projected completion or in-service date of the project.
- A discussion of the type of resources contemplated for the project.
- The estimated direct costs in current dollars to construct or implement the project, including design, engineering, materials, labor, transportation, and other necessary expenses.

- Other evidence, at the discretion of the electric utility, which supports the electric utility's request for the TEF grant.

ETI also recommends there be no restrictions on the number of entries for each category.

2. How should the PUC interpret the term “facility modernization” in PURA § 34.0103(a)?

ETI recommends the Commission interpret “facility modernization” broadly in order to provide utilities the flexibility to propose the modernization projects that will provide the most impactful and cost-effective solutions for customers based on each utility's specific service area and facilities. ETI recommends that “facility modernization” include, but not be limited to, the installation of new transmission, distribution, and generation facilities, as well as the repair, replacement, or upgrading of existing transmission, distribution, and generation facilities. A broad interpretation of “facility modernization” will maximize results that can be achieved with the TEF grants.

3. Should the rule address rate treatment of grant awards? If so, how?

ETI does not have comments in response to this question at this time, but reserves the right to provide comments on this issue in the future.

B. When does the PUC need to adopt a rule to implement this program?

Once a grant opportunity is identified, utilities will need to complete certain internal processes in order to identify a corresponding project(s) and develop a grant application for submittal. This process may include hiring an external grant writer to coordinate with appropriate technical and financial teams within the utility. In ETI's experience, this process can take several months. Thus, ETI requests that the Commission adopt a rule as far in advance of the application deadline as feasible in order to provide utilities with the necessary guidance and time to prepare such applications, but no later than several months before the TEF grant application deadline.

C. What program functionality is necessary to administer grant awards under this program?

ETI recommends the Commission appoint designated personnel to oversee the grant process and serve as points-of-contact for recipients during the lifetime of the grant. Similar to

the Commission's efforts in establishing a webpage dedicated to the TEF, ETI requests that the Commission establish a central location for updates and critical information related to grant applications.

D. What features should be included in applications, grant agreements, grant monitoring, and grant close out?

- Applications: ETI suggests that grant applications for utilities outside of the ERCOT power region require basic information about the applicant, information about the prospective start and end date for funding, and the anticipated funding amount, including any cost-share information.
- Grant Agreements: The grant agreement should include updated versions of all documents submitted during the application process to reflect the final grant details. Also, at this stage, ETI requests that the Commission or its representative collaborate with the grant recipient to formulate a checklist of documents that outlines the format and frequency of progress reports for grant monitoring. Reporting requirements that the Commission could consider are:
 - Technical report: This document would require utilities to describe the project progress.
 - Financial report: This document would require utilities to detail the grant-spend during project timeline.
- Grant Close-Out: The grant close-out process should require utilities to file final financial and technical reports.

II. CONCLUSION

ETI appreciates the opportunity to provide comments on this important program. ETI looks forward to continuing to work with the Commission and stakeholders to develop a program that provides the benefits contemplated by the Texas Legislature in passing Senate Bill 2627.

October 13, 2023

Respectfully submitted,

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