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PROJECT NO. 55566

GENERATION INTERCONNECTION
ALLOWANCE

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PUBLIC UTILITY COMMISSION

OF TEXAS

REPLY COMMENTS OF CENTERPOINT ENERGY HOUSTON ELECTRIC, LLC

CenterPoint Energy Houston Electric, LLC (“**CenterPoint Energy**” or the “**Company**”) provides these reply comments in response to Commission Staff’s September 25, 2023, request for comments. The Company’s reply comments are in response to the initial comments of parties to question nos. 1 and 6.

Question No. 1

Should there be a single allowance amount, formula, or set of formulae, applicable to all transmission service providers (TSPs) in ERCOT, or should the details of each allowance be specific to each TSP?

As CenterPoint Energy stated in its initial comments, if the Commission adopts a single standard allowance amount for all TSP-generator interconnections in ERCOT, it is important that it not result in imposing costs on generators for interconnections in some ERCOT regions but not in others, simply because the actual interconnection costs vary from region to region or from TSP to TSP. If the allowance amount is simply based on the lowest historical costs for interconnection, it will fail to account for regional variances in land values that affect the cost of acquiring the land rights needed for the interconnection facilities. Moreover, such an approach for establishing the allowance amount will fail to account for the climatological, geological, geographical, and environmental differences between regions, which, for reliability and resiliency purposes, each TSP must consider when designing and constructing their interconnection facilities. If the allowance is set to cover the interconnection costs for the construction of a one-mile transmission facility in a West Texas rural area but not the construction of a one-mile transmission facility in or around a load center such as Houston, for example, then it is less likely that generation will ever be sited in or around such load centers where such interconnections are needed most, to the detriment of those load centers and the overall reliability of the ERCOT grid. As stated in the

comments of Wind Energy Transmission Texas, LLC, “any approved interconnection allowance should not provide disincentives to the interconnection of needed generation.”

CenterPoint Energy, therefore, concurs with the comments made by the following parties in this regard:

Comments of AEP Texas Inc. and Electric Transmission Texas, LLC:

Because of the wide range of potential costs of completing a generation interconnection from utility to utility, or even within a utility, however, such an approach should ensure the allowance is set high enough to account for potential variation in utility costs, especially those that are beyond the utility's control (such as land costs), potential variations that may affect interconnection costs that are reasonable and necessary for the provision of safe and reliable electric service, and to help mitigate unintended consequences or creating perverse incentives that stakeholders may now face from setting an allowance.

Comments of Cross Texas Transmission:

The allowance should be large enough to handle a vast majority of interconnections and should have flexibility to account for unusual and/or unique conditions that may impact system design and costs.

Comments of Lone Star Transmission LLC:

[T]o ensure that an allowance can accommodate the range of differences among TSPs in interconnecting resources-which are often driven by differences in equipment costs, right of way acquisition costs, timing requirements driven by outage moratoriums, utility standards, and unique system design requirements to meet the varied geographical and soil conditions, the nature of extreme weather events, and population densities across a state as large and diverse as Texas--any one allowance amount must be high enough to account for this variation.

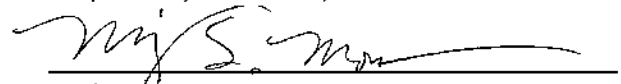
Question No. 6

Should generation or load entities that subsequently interconnect to an existing transmission facility be required to contribute to the cost of that transmission facility that has already been recovered? If so, should some portion of the initial costs paid be refunded to the initial interconnecting generation or load entity, and how should such payments and refunds be determined and processed?

CenterPoint Energy believes that a TSP should not be an escrow agent for the interconnection payments received from a generator. A TSP must apply the payments it receives from a generator toward the costs of the generator's interconnection and cannot hold the funds for some indefinite refund at some

unknown future time. Neither should a TSP be required to be a collection agent for an earlier interconnecting generator, with an obligation to collect monies from later interconnecting generators to pay back to the earlier interconnecting generator to offset the latter's interconnection cost contribution. Any requirement for a later interconnecting customer to offset the cost contribution made by an earlier interconnecting customer should apply between the interconnecting customers directly. CenterPoint Energy concurs with the comment of Wind Energy Transmission Texas, LLC: "TSPs should not be required to be a clearing house for maintaining separate accounting for and distributing interconnection contributions amongst developers." The Company also supports the comment of the AEP Companies, that "[i]f the Commission does decide that refunds should be paid to the initial, or potentially multiple previous, interconnecting generators, the process created for that should not involve the TSP."

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Mickey Moon", is written over a horizontal line.

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