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**PROJECT NO. 55566**

**GENERATION INTERCONNECTION § BEFORE THE  
ALLOWANCE § PUBLIC UTILITY COMMISSION  
§ OF TEXAS**

**TEXAS-NEW MEXICO POWER COMPANY'S COMMENTS ON  
THE PROPOSAL FOR PUBLICATION TO AMEND 16 TAC § 25.195**

**TO THE HONORABLE PUBLIC UTILITY COMMISSION OF TEXAS:**

Texas-New Mexico Power Company ("TNMP") submits these initial comments in response to the Proposal for Publication filed in Project No. 55566 – Generation Interconnection Allowance. The Proposal for Publication requires that any comments must be filed by January 4, 2024. TNMP's comments are therefore timely filed.

**I. INITIAL COMMENTS**

TNMP appreciates the opportunity to submit these comments in response to the Commission's Proposal for Publication to Amend 16 TAC § 25.195, which implements House Bill 1500 (HB 1500), Section 9. That section requires the Commission to implement a rule to "establish a reasonable allowance for transmission-owning utility costs incurred to interconnect generation resources directly with the ERCOT transmission system at transmission voltage." TNMP's comments are as follows:

**1. APPLICABILITY**

The applicability subsection, subsection (a) of the Proposal for Publication, should be amended to clarify that the rule applies to transmission service customers in addition to Transmission Service Providers (TSPs). Accordingly, TNMP recommends that this subsection be amended as follows:

This section applies to transmission service providers (TSPs) and transmission service customers in the Electric Reliability Council of Texas (ERCOT) region providing transmission service to transmission service Customers.

## **2. INTERCONNECTION AGREEMENT.**

Subsection (c) of the Proposal for Publication as drafted broadens the application of the Commission-approved standard generation interconnection agreement (“SGIA”), which should not be expanded to require additional market participants to use the SGIA who are not currently subject to the requirement. Use of the term “transmission service customer” in this subsection unnecessarily broadens the SGIA requirement and could result in unintended outcomes, such as the inflexible application of the SGIA to other customers that historically may have utilized unique interconnection agreements (such as municipal utilities, electric cooperatives, distribution service providers, etc.). Accordingly, TNMP recommends this subsection be amended to clarify that the SGIA must be utilized for generation resources specifically:

As a condition of obtaining transmission service, a transmission service customer that owns electrical facilities in the ERCOT region must execute an interconnection agreement with the TSP to which it is physically interconnected. The commission-approved SGIA must be used for the interconnection of a new ~~transmission service customer~~ generation resource...

## **3. COST RESPONSIBILITIES TO INTERCONNECT GENERATION RESOURCES AT TRANSMISSION VOLTAGE.**

### **(f)(3)(A)(ii)(I)**

TNMP recommends that subsection (f)(3)(A)(ii)(I) be amended to require that the annual adjustment to the generation interconnection allowance track the National Income and Product Accounts (“NIPA”) Seasonally Adjusted Price Index for Private Fixed Investment-Nonresidential Structures for Power and Communication published by the United States Department of Commerce, Bureau of Economic Analysis (the “Index”) issued for the *most-recently concluded one-year period at the time of the adjustment*. As the provision reads now, the adjustment to the allowance would consistently apply the Index value for 2023, despite the 2023 Index value having no relation to the rate measured for any calendar year other than 2023. Each future adjustment

should be based on the most up-to-date Index value to ensure the greatest level of accuracy. For example, the adjustment made in the year 2030 should be using the measured Index value issued in 2029. Accordingly, TNMP recommends the following amendment:

The annual adjustments will be proportional to the change from the corresponding ~~2023~~ value for the previous-year reflected in the National Income and Product Accounts (NIPA) Seasonally Adjusted Price Index for Private Fixed Investment-Nonresidential Structures for Power and Communication published by the United States Department of Commerce, Bureau of Economic Analysis

**(f)(3)(E)**

TNMP recommends that subsection (f)(3)(E) be amended to include both “modification” and “expansion” by a generation resource. Accordingly, TNMP recommends the following amendment:

The responsibility of costs incurred by a TSP for new or upgraded interconnection facilities due to expansion or modifications made by a generation resource will be borne in accordance with this subparagraph.

## **II. CONCLUSION**

TNMP appreciates the Commission’s consideration of the issues in this docket and the thoughtful approach to implementing House Bill 1500, Section 9.

Respectfully submitted,

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**TEXAS-NEW MEXICO POWER COMPANY’S EXECUTIVE SUMMARY FOR  
COMMENTS ON THE PROPOSAL FOR PUBLICATION TO AMEND 16 TAC § 25.195**

Texas-New Mexico Power Company’s (“TNMP”) comments in response to the proposal for publication to amend 16 TAC § 25.195, are summarized below.

The proposal for publication should be amended to clarify that the rule applies to transmission service providers (TSPs) and transmission service customers.

The application of the standard generation interconnection agreement (“SGIA”) should not be expanded. Rather, the requirement for executing a SGIA should apply only to those that fall under the current requirement, generation resources.

The generation interconnection allowance should be adjustment annually in proportion to the National Income and Product Accounts (“NIPA”) Seasonally Adjusted Price Index for Private Fixed Investment-Nonresidential Structures for Power and Communication published by the United States Department of Commerce, Bureau of Economic Analysis (the “Index”) value for the previous calendar year, rather than utilize the value measured for 2023 indefinitely.

The subsection addressing how costs are to be borne by a TSP should apply to both “modifications” to existing facilities and “expansion” of new facilities for the sake of clarity.